# FINANCIAL TIMES

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## NEWS SUMMARY

### GENERAL

## Begin's Dec. 9 treaty target

Israeli Premier Menachem Begin said that he hoped to sign a peace treaty with Egypt's President Sadat in Oslo on December 9, the day before they receive their joint Nobel Peace Prize.

The Egyptian, Israeli and U.S. delegations resumed peace negotiations in Washington yesterday. President Carter cancelled a press conference, to avoid the possibility of having to make a public statement on the Israeli decision to expand Jewish settlements on the West Bank.

The decision—which the U.S. greeted with "deep displeasure"—nearly led to the recall of Egyptian negotiators last week. Page 5

### Invasion claims

Tanzanian Government claims that Ugandan troops have crossed the border and are fighting Tanzanian forces west of Lake Victoria. However, the Ugandan Government says its troops are repelling an invasion by Tanzanian forces. Page 5

### More martial law

Martial law has now been extended to cover almost half of Rhodesia. In London, Mr. Reginald Maudling is to lead the Tory backbench revolt against renewed sanctions. Back Page

### Ever Ready threat

South African subsidiary of British Ever Ready battery company has been threatened with international union action if it sacks 160 striking workers at its Port Elizabeth factory. The National Union of Motor Assembly and Rubber Workers is demanding recognition, better pay and conditions. Page 5

### Tupolev grounded

Soviet officials have confirmed that the Tupolev-144 supersonic airliner was grounded after a crash this spring which killed two crew members. The airliner is expected to be back in service in a few months. Page 2

### Humber Bridge

The Humber Bridge Authority and the construction section of the Amalgamated Union of Engineering Workers are to meet to discuss the possibility of agreed productivity goals. Both parties met Mr. William Rodgers, Transport Secretary, last night. Page 7

### Jail sit-in ends

The sit-in at Nottingham jail ended yesterday when 82 prisoners returned to their cells. At Durham jail, 12 prisoners are still on hunger strike in a protest over conditions.

### Compromise offer

Italian Prime Minister Giulio Andreotti has proposed that negotiations for a new contract for striking hospital workers should be advanced from next summer to January. Page 2

### Nixon invitation

Former U.S. President Richard Nixon is likely to accept an invitation to address the Oxford Union and answer questions from listeners.

### Baton charge

The conductor of the Paris Opera Comique stormed off the podium but the orchestra and cast continued their performance of Massenet's Werther. M. Roberto Benzi said the orchestra was "boycotting his interpretation." He added that the orchestra had not spoken to him for three weeks.

### Briefly . . .

Imperial War Museum has stopped selling facsimile Nazi posters.

Genoa steel factory foreman caught distributing Red Brigades leaflets was jailed for four and a half years.

The Greek oil tanker Christos Bitas was scuttled in the Atlantic.

Cinema manager Ivan Osborne of Shaftesbury has been sacked for refusing to show sex films.

### BUSINESS

## Wall St. down 19; Gold falls $3

● WALL STREET reacted sharply to rising U.S. interest rates, and the Dow Jones index fell 10.39 by noon. After recovering to within a few points of the previous day's close, the index fell again to close 19.40 down at 792.45. Trading, at 43m shares, was not as heavy as on Monday, when 59.48m shares changed hands.

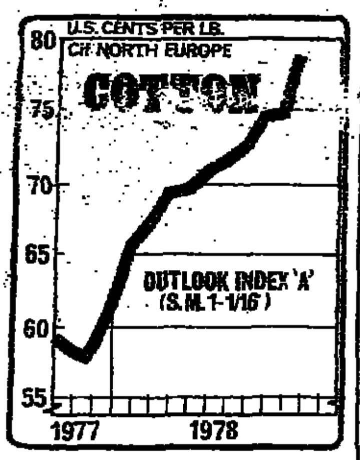
● EQUITIES reacted to unfavourable news from several quarters and the FT ordinary index, down 0.2 at 10 am, closed 5.5 off at 478.9, its lowest since July 20. Golds came under sustained selling pressure, and the Gold Mines index fell 5.1 to 143.4, its lowest since early May.

● GILTS eased initially on higher U.S. Treasury bill rates, and the Government Securities index closed 0.06 down at 69.28.

● STERLING fell 2.40 cents to $2.0750 and its trade-weighted index fell to 63.1 (63.2). The dollar's depreciation narrowed to 13.2 per cent (13.6).

● GOLD fell $3 to $242½ in London and in New York the Comex November settlement price was $238.80 ($245.00).

● COTTON prices in Liverpool rose to their highest since May 1977 on fears of frost affecting the Soviet crop. Cotton Outlook "A" Index rose to 78.95c a lb, over 20 cents above the price a year ago. Page 35



● BRAZIL is to try to restructure about $750m worth of Eurocurrency loans from international banks, to obtain better conditions. Page 32.

## CBI forecasts patchy recovery

● CBI quarterly trends survey forecasts a halting recovery from the economic recession of the past four years for Britain's manufacturing industry. Page 10 and Back Page

### LABOUR

● GKN unofficial shop stewards' committee has called for a one-day strike of all 70,000 workers next month over pay. Page 10

### COMPANIES

● U.S. STEEL net income in the third quarter was more than 250 per cent higher than the corresponding period last year, at $88.8m against $25.2m. Page 31.

● SIME DARBY's former auditors, Turquand Youngs, have claimed that they were told they were discharged because of the Pinder affair, four years ago. Back Page

● ELLERMAN LINES pretax profit for the six months ended June 30 fell from £4.07m to £0.75m following shipping losses. Page 27

● AVANA GROUP turnover in the 26 weeks to September 30 was 13.1 per cent ahead at £15.85m, boosting pre-tax profits by 83 per cent to £1.41m (£769,000). Page 27

● REED INTERNATIONAL second quarter profits were £18.6m (£18.9m), bringing the half-year figure to £40.1m against £39.4m. Page 26.

# Army 'told to take over oilfields' as Iran crisis grows

BY ANDREW WHITLEY, Tehran, Oct. 31

**Iran's political and economic crisis deepened tonight with reports that the Government had ordered a military takeover of the strikebound oilfields.**

The mounting level of violence throughout Iran has left 64 dead in the past 24 hours, the highest toll since imposition of martial law in a dozen cities over seven weeks ago.

The official Iranian news agency, Pars, sai dtonight that the army had taken over responsibility for "a number of the Abadan refinery's operations." It said saboteurs had threatened to damage oil installations in Khuzestan and the military forces were on the elert to prevent any incidents.

Another reason for the move is understood to be the desire to provide protection for those strikers who want to return to work. The strikers are reported to have been given three days to return to work on pain of dismissal.

Production from the oilfields has continued to fall although it is not clear exactly how much oil is coming through. The consortium of western oil companies responsible for 90 per cent of production say that production today was down to below 1.5m barrels, while Radioi Iran said that it had virtuallyceased.

But Mr. Mohammed-Reza Ameli, the Iranian Information Minister, claims that exports of oil are still 60 per cent of normal. He also strongly denied that Iranian troops had "occupied" the oil installations.

Unconfirmed reports say 26 oil tankers are standing off in the Gulf, waiting to see if they can get into Khargis and the export terminal, and, if so, whether there is any oil to take abroad.

The National Iranian Oil Company in Tehran refuses to talk about what is happening in Khuzestan Province, where nearly all the oilfields and production are.

In the Iranian Parliament today Prime Minister Sharif-Emami, successfully defending his Government against a censure motion, castigated the strike as "nothing but treason."

He did not say what the Government was going to do to end what is essentially a political problem.

The strikers have been demanding expulsion of the hundreds of expatriate technicians working in Khuzestan, as well as ending of martial law and freeing of the 600 political prisoners still in jail.

As one big oilfield after another was reported to have come to a halt, the Shah's concern over the consequences for Iran's troubled economy must have grown.

The monthly cheque from the Western oil consortium led by British Petroleum remains the mainstay of the Iranian Treasury.

Averaging just over $1bn a month, on the basis of liftings of a little over 3m barrels a day, that cheque was probably smaller than usual a week ago, and will undoubtedly be much reduced on November 21, when the next one falls due.

There are now growing fears of a military Government if the level of violence throughout the country does not abate.

But most of the deaths, which took place in three towns in the extreme West and one in the South-East, appear to have resulted from attacks by pro-Shah vigilantes on Opposition demonstrators.

In the tiny town of Paveh, near the Iraqi border, there was the astonishing sight of the local Member of Parliament, a Mr. Salar Jaf, leading a club-swing-

Continued on Back Page

Bonn denies seeking Iran dictatorship, Page 2
Possible impact on world oil prices, Page 6
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# Ford makes last-ditch pay offer of 14.9%

BY PHILIP BASSETT AND CHRISTIAN TYLER

FORD MOTOR in the sixth week of an official strike, made a "final offer" last night to the unions of 14.9 per cent excluding fringe benefits. The total package could be worth as much as 16½ per cent, but the unions said this was unacceptable.

At Vauxhall's Ellesmere Port plant prospects of a strike over pay from today faded when engineering workers called off their action.

Ford cast to the winds any pretence of negotiating within the letter or even the spirit of the Government's Stage Four Incomes policy in day-long talks at its West London office.

First, it raised its basic rate offer from an average 8 per cent to 9.75 per cent, nearly double the Government 5 per cent limit on pay settlements. That was turned down by the union negotiators.

Then it increased a 4.5 per cent "attendance bonus" to just over 5.1 per cent, declaring it had reached the end of the road.

Late last night the union negotiators were deciding whether to accept the company's offer and start moves to call off the strike of 57,000 manual workers: reject the offer; or put it to a vote at the 23 plants without a recommendation.

Whatever the result, the offer is far over the Stage Four limit, and will force the Government to consider seriously some kind of action, however token, against the company.

Ford's offer, bolstered by improvements to holidays, holiday pay and pensions, would give the main grade of 25,000 production workers £10 a week more, half the amount claimed by the unions.

Men working on alternate day and night shifts would get £11.09, bringing them up to £90.42 a week. With four hours' overtime, weekly earnings would be just under £101 a week.

The company continued to reject the union's claim for a cut in the working week to 35 hours and a special allowance for production line men.

After the "final" offer had been made the company negotiators returned briefly for what was described as clarification of the attendance bonus which the unions had said was not accep-

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New Ford car supplies almost exhausted. Back Page

# French shares for workers plan

BY DAVID CURRY PARIS, Oct. 31.

FRANCE IS to introduce legislation to compel publicly quoted companies to distribute shares equivalent to 3 per cent of their capital to their employees.

This was announced today by M. Robert Boulin, the Minister of Labour, who described the plan as part fulfilment of President Giscard d'Estaing's pledge "to make Frenchmen individually owners of France."

The distribution will take place in 1980 for companies which have paid dividends in two of the previous three years. About 850 concerns will be affected and the Ministry estimates the amount of capital distributed will total FFr 3.1bn (£369m), with each worker holding on average FFr 1,380 (£165) worth of shares. Altogether, 2.25m employees will benefit.

Companies will raise new capital for the distribution but the amount of new capital must not exceed the equivalent of FFr 5,000 (£596) per employee.

The cost to the Government is put at FFr 500m (£60m) a year over 10 years.

The shares will be distributed to all employees with two years' service, according to the length of time with the company and seniority. But the disparity between the best and the worst rewarded in terms of shares cannot exceed 3 : 1.

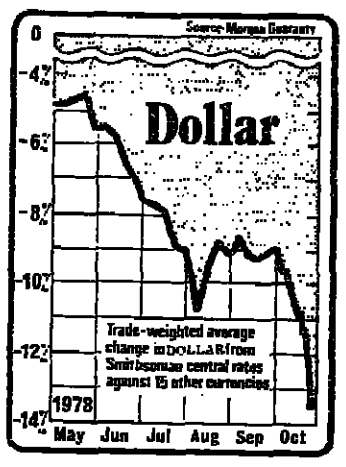
The shares will not be eligible for negotiation for a minimum of three and a maximum of five years but will rank immediately for voting rights and dividends.

Concerns which do not fulfil the criteria of financial health based on dividend distribution will be obliged to join the scheme if they meet the criteria in the period up to 1984. Non-quoted companies may join the scheme voluntarily.

Workers in the non-quoted subsidiaries of quoted companies will benefit. Foreign companies are included in the measure if they have a headquarters on French soil observing French corporate law and are quoted.

The measure is the latest in a series of moves to expand the base of shareholding industry and improve the position of industrial workers. Recently, the Government legislated fiscal concessions for people investing savings in shares and it revised the financial assistance provided to individuals for their housing, and created a special system of savings for manual workers.

The workers at some state-owned companies already benefit from share distribution schemes as well as those in some quoted companies. For example, some 82,000 out of the 110,000-strong workforce at the state motor company Renault between them hold about 10 per cent of the capital.



# $ rise in nervous trading

BY MICHAEL BLANDEN

THE DOLLAR recovered against other leading currencies in nervous and volatile exchange market trading yesterday, after the sharp falls recorded on Monday.

The markets appeared to be pausing after the previous heavy activity, and it was felt that central banks were taking the opportunity to intervene in thin dealings to push the dollar higher.

There was some early pressure on the U.S. currency, but later in the day, the dollar picked up with business generally quiet ahead of today's Catholic holiday when Paris, Milan, and some other centres will be closed.

The pound came under late pressure due to a large commercial selling order after New York opened, and was thought to have received some official support.

The improvement in the dollar was indicated by the trade-weighted average depreciation, calculated by Morgan Guaranty at noon in New York. This narrowed to 13.2 per cent from the previous day's record of 13.6 per cent.

The U.S. currency touched a low point of DM 1.7210, but, with the Bundesbank buying another $30m at the Frankfurt fixing, it picked up to end at DM 1.7750 in European trading, compared with DM 1.7232½ on Monday and DM 1.7155 overnight in New York.

The Swiss franc slipped to SwFr 1.4975 to the dollar, against SwFr 1.4695 on Monday. The dollar also recovered against the Japanese yen, at Y179.1, and the French franc.

The pound opened at its best at $2.1030, and its trade-weighted index rose to 63.3 in early trading. By the close of business in Europe, it had come back to $2.0750, for a fall of 2.40 cents, with the index easing to 63.1 against 63.2 on the previous day.

The recovery in the dollar was reflected in the gold price. It touched a high point of $245½ an ounce during the day, but as the dollar improved, it slipped to close in London at $242½, down $3 from Monday's record closing level.

# Ailing dollar threat to UK market

BY OUR INDUSTRIAL STAFF

THE SLUMP in the dollar's value has aroused fears of a new attack on the UK market by other major export-orientated economies.

Sir Arthur Bryan, chairman of Wedgwood, the pottery manufacturer, and chairman of the North America Advisory Group Committee of the British Overseas Trade Board, said yesterday that British manufacturers must be alert to the dangers of countries, such as West Germany, Japan and France, making an increased attack on the British market because they were finding it more difficult to penetrate the U.S.

His fears were echoed by the Department of Trade which said this was a real threat.

The dollar's fall is also hitting some British companies selling to the U.S. Sterling has appreciated by about 20 per cent against the dollar since mid-1976, so eroding price competitiveness.

The U.S. is by far Britain's biggest export market, taking 9.2 per cent of the UK's total overseas sales. Last year's sales totalled £3.055bn. In the first nine months of 1978 exports were up to £2.55bn, compared with £2.349bn during the same period last year.

Wedgwood, Sir Arthur said yesterday, would be in a stronger position than some companies because of the type of product involved. More than 70 per cent of Wedgwood's output is exported with the U.S. accounting for half overseas sales.

Like many other companies, it feels that, after many years of having a weak pound against a strong dollar, it will have to ride a situation in which currency movements are hitting profitability.

According to Sir Arthur, some British companies are fighting shy of the market as profitability falls. But for most the only real possibility is coping with reduced profit margins.

UK companies which invoice exports in dollars face the biggest problems in terms of lower profitability. They include companies which, like the tractor manufacturers Massey Ferguson, invoice all their exports to the Third World in dollars.

Rolls-Royce prices all spare parts to the U.S., its biggest overseas customer, in dollars. This August's order from Eastern Airlines of the U.S. for 21 Boeing 757s with Rolls-Royce 535 engines are believed not to be fixed price contracts.

The British Steel Corporation expects the dollar's fall to affect the world market for steel. The U.S. is now likely to raise the trigger price at which its anti-dumping mechanism operates, thus curbing its steel imports still more.

The result, BSC believes, would be to fuel the attempts of Continental steel makers to increase their sales in Britain.

BSC's exports to the U.S. have already been hit by anti-dumping actions, which slashed sales in July.

GEC, which trades mainly in sterling and whose major exports to the U.S. are aircraft, electronics and gas turbines, achieved North American sales of more than £53m in the year to the end of March. That compares with total exports of £665m.

In terms of world competitiveness, GEC said, the pound was cheaper than the Deutsche Mark and the yen. The West Germans and the Japanese were the main competitors in world markets rather than the U.S.

Hawker Siddeley, part of British Aerospace, said the dollar's fall would not significantly affect its U.S. sales. These were only £16m a year compared with a total exports of £529m. "Most of our products in the U.S.—such as diesel engines and turbo generators—do not sell on price but on technology."

Distillers, whose whisky exports to the U.S. are invoiced in pounds and dollars, said it had put up whisky export prices to the U.S. in February, but since then the sterling value of sales had fallen by 15 per cent.

Distillers charges a dollar price for whisky shipped to the U.S. in bottles, but invoices in sterling for cheaper brands shipped in bulk for bottling there.

At least one company thought it could benefit from the dollar's fall.

## U.S. interest rates surge

Interest rates in the U.S. surged yesterday as the Federal Reserve Board moved aggressively to try to curb monetary growth and help the ailing dollar. Late this afternoon, in response to the rising cost of funds, Chase Manhattan Bank, third largest U.S. bank, announced that it was increasing its prime lending rate to 10½ per cent.

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£ in New York

| — | Oct. 31 | Previous |
|---|---|---|
| Spot | [illegible] | [illegible] |
| 1 month | [illegible] | [illegible] |
| 3 months | [illegible] | [illegible] |
| 12 months | [illegible] | [illegible] |

## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

| | | |
|---|---|---|
| Audio Fidelity | 34 | + 4 |
| Midland Educational | 242 | + 7 |
| Lysu | 108 | + 3½ |
| Jeckers | 192 | + 3 |
| Conzinc Riotinto | 250 | + 10 |
| FM Hldgs. | 161 | + 4 |
| Saint Piran | 87 | + 6 |
| South Crofty | 69 | + 4 |

FALLS

| | | |
|---|---|---|
| Bank of Ireland | 417 | − 20 |
| Beecham | 640 | − 10 |
| Brown (J.) | 422 | − 10 |
| Carliers | 102 | − 8 |
| City Intnl. Inv. | 92 | − 6 |
| City Hotels | 119 | − 7 |
| Coral Leisure | 108 | − 4 |
| Fisons | 318 | − 9 |
| Hepworth (J.) | 66 | − 4 |
| ICI | 369 | − 9 |
| Laing Prop. A | 121 | − 5 |
| Legal and General | 134 | − 6 |
| Pilkington | 290 | − 13 |
| Reckitt and Colman | 453 | − 20 |
| Stock Conversion | 266 | − 8 |
| Anglo American Crp. | 309 | − 7 |
| Charter Cons. | 141 | − 5 |
| Cons. Gold Fields | 180 | − 5 |
| Elsburg | 89 | − 9 |
| Impala Plat. | 109 | − 7 |
| President Brand | 790 | − 53 |
| President Steyn | 650 | − 50 |
| West Driefontein | £21 | − 1½ |

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### FEATURES

For latest Share Index 'phone 01-246 8026

## EUROPEAN NEWS

# Andreotti averts crisis on wage restraint policy

BY PAUL BETTS ROME, Oct. 31.

SIG. GIULIO ANDREOTTI, the Italian Prime Minister, appears tonight to have averted the threat of an immediate crisis over his Government's attempts to introduce anti-inflationary wage restraints.

But, as the Prime Minister openend an emergency debate on the issue, some 30,000 workers from the depressed southern region of Calabria, held a noisy demonstration in Rome, underlining the extent of union discontent in the country.

The debate was called by the Prime Minister after the breakdown of weekend talks between the Government and the unions to seek a solution to the protracted strike of hospital workers in most of the country's public hospitals.

In his address, Sig. Andreotti renewed his firm opposition to the wage demands of the hospital workers, which, he claimed, would threaten the Government's efforts to introduce a serious and coherent economic recovery programme. Sig. Andreotti said that if the Government was forced to give in to the hospital workers he would have little option but to resign.

The Prime Minister seemed to offer a compromise, however, by suggesting that the Government would examine the renewal of all labour contracts involving 3m public employees, including hospital workers, at the beginning of next year.

He also indicated that the wage increase to hospital workers, originally agreed by the Government and subsequently revoked, could perhaps be advanced within the overall context of the renegotiation of public employees' labour contracts.

But he emphasised that the Government would not accept any increase above the ceiling fixed for new wages in the public sector outlined in the three-year economic recovery plan by Sig. Filippo Maria Pandolfi, the Treasury Minister. The Prime Minister implied that it would be largely up to the unions to decide on the allocation of this upper limit to eliminate existing discrepancies in the wage levels of the various categories of public employees.

The main aspects of the Government's medium term programme involve the reduction of public expenditure and a cutback in the increase of labour costs.

Sig. Andreotti's hard, yet apparently compromising, line, was generally viewed here as an attempt to delay confrontation with the unions and the main left-wing parties for a few months until the entire package of renegotiation for public employees comes up again.

His words have not dispelled fears of an intensification of union unrest, which could endanger the country's fragile political equilibrium.

Some union leaders have accused Sig. Andreotti of using the hospital workers' dispute to stave off explanation of the still undefined aspects of the Government's recovery programme, involving, in particular, ambitious investment plans to create 600,000 new jobs in 1979-81, especially in the Mezzogiorno.

The unions regard the Prime Minister's decision to turn to Parliament over the hospital workers' issue as a move to pass responsibility to the other parties on whose support his minority Government depends.

# Bonn minister's denial over Iran

BY JONATHAN CARR BONN, Oct. 31.

COUNT OTTO LAMSDORFF, the West German Economics Minister, today denied suggestions that he supported a "stable dictatorship" in Iran to help ensure preservation of West German exports there.

Such sugestions, made by youth leaders of the ruling coalition parties in Bonn, were a slanderous distortion of comments made during his visit last week to Tehran, he said.

Count Lamsdorff said he had made clear to the Shah and others that the Bonn Government wanted to see further liberalisation in Iran, that it held free elections to be necessary, that it welcomed the introduction of Press freedom and urged the Iranian Government to pursue the same course.

On the other hand, a stable political order was not conceivable in Iran if "ultra-reactionary Moslems," who sought a reversal of the liberal measures already introduced, or Communist student groups, held sway.

Count Lamsdorff noted that Iran was West Germany's biggest single supplier of oil, its largest trading partner in the Middle East and that some 14,000 West Germans were working there in some 360 companies. Those who claimed Bonn's concern to be simply a matter of safeguarding export interests showed they were economically, and therefore politically, ignorant.

The minister flew to Tehran last week for an assessment of the political and business situation. Among other things, he confirmed that West Germany still stands to win a large order for four nuclear power stations, though perhaps a year later than hoped.

The company concerned Kraftwerk Union, signed letters of intent with Iran late last year to construct the four power stations. Realisation of the project is of vital importance to the company — not least because of continuing legal and other delays on many domestic nuclear power station orders.

● The West German Cabinet today approved plans under which Bonn would pay DM 1.2bn (£331m) or almost 31 per cent of the cost of purchase by NATO of the U.S. Airborne Warning and Control System (AWACS).

A Defence Ministry statement said that Bonn's share of the cost would be virtually equalled by the value of orders to West German industry both for AWACS and for other military equipment purchases agreed by the U.S.

The defence and budget committees of the Bundestag (Lower House) still have to approve the plans. This is expected in late November.

# Soviet TU-144 fleet grounded

By David Satter

MOSCOW, October 31.

SOVIET officials have confirmed that the Tupolev-144 supersonic airliner, which has not flown its scheduled passenger run in almost five months, was grounded after a TU-144 crashed east of Moscow this spring, killing three crew members and injuring two others.

The officials told members of a visiting Western aeronautical delegation that no passengers were aboard the plane when the crash occurred and the suspension of TU-144 flights is only temporary. They expect the aircraft back in service in months rather than years.

Western observers said the trouble-plagued TU-144, which began making passenger flights once a week between Moscow and the Central Asian city of Alma Ata last November 1, ceased flying the passenger run during the first week of June.

Officials of Aeroflot, the Soviet state airline, confirmed today that the TU-144 was not flying the Moscow-Alma Ata route and said that no date had been set for the resumption of flights.

In 1973, a TU-144 crashed at the Paris Air show killing the crew and eight people on the ground. It underwent extensive modifications after this disaster. Mail and cargo flights between Moscow and Alma Ata, a kind of extended test programme, were initiated in December, 1975.

# East German day of labour

By Leslie Colitt

BERLIN, Oct. 31.

AFTER East Germany's eight million workers completed a "voluntary day of labour" on Saturday, the East German Government reports that the economy has benefited by an added production of goods worth 704m marks (£195m).

The additional day's work, paid for at an overtime rate, was to "honour the 30th anniversary of the GDR" next October. But it also served to make up for lost production following reductions in working hours.

Since last year, workers on two shifts have had their week reduced from 43¾ hours to 42 hours, and three-shift workers from 42 to 40 hours. Working mothers with two children have also had their week shortened.

# Sweden plans 20% cut in shipyard capacity

BY WILLIAM DULLFORCE STOCKHOLM, Oct. 31.

THE CAPACITY of Sweden's major state-owned shipyards will be cut by a further 20 per cent over the next two years, reducing the labour force to just over 10,000.

Svenska Varv, the umbrella company for the state yards, is to be given a capital injection of SKr 2.2bn (£256m) to cover its 1978 and 1979 losses, and the Government will start negotiations soon on a state takeover of Kockums, the last big privately owned shipbuilder. Kockums reported yesterday that it would report a loss of SKr 20m this year.

These are the main items in the shipyard Bill presented today by Mr. Erik Huss, Minister of Industry in the new minority Liberal Cabinet. His prescription is less drastic than that drawn up by his predecessor, Mr. Nils Aasling, who wanted to cut shipbuilding capacity by 30 per cent over three years.

The new Bill would save the jobs of 2,250 employees who would have become redundant under Mr. Aasling's programme but Mr. Huss pointed out that further reductions might be necessary after 1980. Capacity at the smaller yards will be cut by 30 per cent.

The Liberal Government proposes to add SKr 675m to the "depreciation loans" under which the yards have already received SKr 1.5bn. These are, in effect, direct grants. In addition the Government will boost by just over SKr 2bn the SKr 3.7bn in state credit guarantees already granted to owners placing orders with the yards. It will also provide loan guarantees for ship exports up to SKr 10bn.

The Swedish yards have already received state loan guarantees totalling some SKr 12bn. These will be increased by a further SKr 5bn. On the other hand, the Government plans to halt the guarantees, which have enabled the yards to build ships on their own account. Loans of this type amounting to SKr 5.5bn have been guaranteed so far but the scheme has been severely criticised by other shipbuilding nations.

To counter the increase in unemployment the Government plans to spend another SKr 1bn on various relief measures in the three areas most affected by the shipyard cuts, Gothenburg, the Malmoe-Landskrona littoral and the Uddevalla region.

It will also advance state orders for ferries, navigation board and coastguard vessels and will hasten road and bridge projects which could offer extra work. Three investment companies with a capital of SKr 75m each will be established.

# Spanish constitution approved

BY ROBERT GRAHAM MADRID, Oct. 31.

AN HISTORIC special session of Parliament today approved a new Spanish constitution, marking another stage in the country's return to democracy. The 168-article document establishing Spain as a "parliamentary monarchy" will now be put to a national referendum on December 6.

In the Lower House, the constitution text was approved by 326 votes to six, with 13 abstentions, and in the Senate by 226 votes to five with eight abstentions. The vote was without party whips but the pattern was much as expected.

In the Lower House, five dissident members of the Right-wing Alianza Popular were most noticeable for voting against. The abstention vote comprised primarily the eight Deputies representing the Basque nationalist party, PNV, who over the weekend said they would abstain as a protest against Parliament's refusal to include specific provisions in recognition of the special status of the Basque country. Other abstainers came from minority groups like the Catalan republicans.

Today's debate was held under exceptional security conditions. The Ministry of Interior ordered a display of force around Parliament and throughout the city to ensure that the session was unmarred by terrorist action.

Sr. Adolfo Suarez

On July 21, when the Lower House was about to approve the draft constitution, two senior army officers were assassinated in the centre of Madrid in the most dramatic terrorist act of the year. The killings were attributed to the Basque separatist group, ETA.

The constitution was prepared in draft form by a special constitutional committee and handed over to a parliamentary commission at the end of April. This 36-man commission, composed of representatives of the main parties, carried out its own revisions before the debates in the Lower House and the Senate, which wound up at the beginning of this month. Since then, the discrepancies in the proposals of the two Houses have been ironed out by another mixed commission.

The second commission added a provision to the text covering the legal vacuum over the premiership created by approval of the constitution.

The Adolfo Suarez Government won the June, 1977, elections which were not strictly constitutional as Spain was operating under a curious transitory phase where some of the old Franco fundamental laws—the dictatorship's equivalent of a constitution—were still functioning. The extra provision allows the Government 30 days after the promulgation of the constitution to decide whether to call general elections or go to the Lower House for a vote of confidence.

# Austrian N-plant row over safety

VIENNA, Oct. 31.

OPPONENTS of Austria's first nuclear power station, the subject of a referendum next Sunday, today accused the Government of concealing a report that an earthquake fault seriously threatened the plant's safety.

Professor Alexander Tollman, a spokesman for a geologists' group opposed to nuclear power, told a news conference the government had kept secret an official report in the early 1960s which said the proposed site was too prone to earthquakes to be suitable.

The Health Ministry, which is responsible for the plant's security, replied that the charge was unfounded. Officials admit there is an earthquake fault in the region but say the danger is negligible.

Today's accusations were the latest in a bitter exchange between supporters and opponents of the plant, at Zwentendorf, 25 miles north-west of Vienna.

On Sunday Austria will hold its first post-war referendum to decide whether the plant, under construction since 1971 and now almost ready for use, should be put into operation.

Socialist Chancellor Bruno Kreisky has called on all Socialists to vote for the plant, a decision which the conservative opposition People's Party says has made the referendum a political issue.

The People's Party, although in favour of nuclear energy in principle, has urged Austrians to vote "no" on safety grounds.

The Socialists say the Zwentendorf plant is needed to protect Austria's high standard of living and keep down unemployment. Reuter

# Danish output rise predicted

By Hilary Barnes

COPENHAGEN, Oct. 31.

DANISH COMPANIES expect a substantial increase in manufacturing industry output in the final quarter of this year, according to a Bureau of Statistics survey. It showed that 36 per cent of the sampled companies expect output to rise, compared with the third quarter, while only 16 per cent expect lower output.

A margin of 12 per cent more companies expect domestic orders to increase than expect them to fall. For export orders, 33 per cent of companies look forward to rising orders and only 13 per cent to a decrease in orders.

In the third quarter, 9 per cent more companies reported increasing rather than declining output. There was little change in domestic orders, but 35 per cent reported increased export orders and only 20 per cent reported a decline.

# France pressed on atom deal

ISLAMABAD, Oct. 31.

M. AGHA SHAHI, foreign affairs adviser to President General Mohammed Zia ul-Haq of Pakistan, plans to give a letter to President Valery Giscard d'Estaing of France on Thursday, reiterating that France has contracted to supply a nuclear reprocessing plant to Pakistan, officials said today.

In August President Giscard told Pakistan that France cannot supply the nuclear plant in the form provided in the 1976 contract signed by the two countries. Pakistan insists that France should adhere to the original agreement, including design and specifications of the plant. AP

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# Soldiers clear rubbish in Paris as strike continues

BY ROBERT MAUTHNER PARIS, Oct. 31.

THREE THOUSAND soldiers were brought in today to clear the mountains of refuse which have been piling up in Paris streets for the past week as the result of a dust-cart drivers' strike.

"Operation 'Vacuum Cleaner'" was ordered by the Mayor of Paris, M. Jacques Chirac, following the rejection by the City Council of demands by 565 drivers for higher wage scales. The municipal authorities said that though they had agreed to higher wages for some drivers, the Government's pay policy made impossible for them to accede to all demands.

The military had been brought in because the thousands of tonnes of rubbish deposited daily on the streets were beginning to pose a serious health hazard.

Meanwhile, shipowners' and union representatives failed yesterday to reach an agreement which would end the damaging two-week-old strike by merchant seamen. The seamen are protesting against the employment on French ships of sailors from developing countries at wages below the French minimum.

The strike, which has seriously disrupted work at most big French ports, is seriously affecting France's oil supplies.

Paralysis of the Lavera oil port near Marseilles has significantly cut output at the four big refineries in the nearby coastal industrial complex. The South European pipeline, which supplies crude oil to 11 French, West German and Swiss refineries, is currently feeding only one refinery at Feyzin, in the Rhone Department.

# Portugal inflation steadies

BY JIMMY BURNS LISBON, Oct. 31.

THE PORTUGUESE consumer price index rose by 1.5 per cent in September, according to provisional estimates issued by the national institute of statistics.

The latest increase shows that inflation in the third quarter of his year has been held steady following considerable fluctuations in consumer prices during the first half of the year. The inflation rate, computed on an annual basis, is now running at 20 per cent, which was the target set by the Socialist/Conservative administration last April.

Nevertheless, Portugal's future government led by Sr Carlos Mota Pinto is expected to face a difficult uphill task with regards inflation targets in the remaining quarter of this year.

The 22 per cent increase in the price of petrol and industrial and domestic fuels earlier this month has dampened optimism that the prices of key items would remain fixed. Gas, electricity, and public transport were increased considerably earlier this year, and contributed to a 6.7 per cent acceleration in the price index in April.

# Italy urged to accept U.S. trade demands

By Margaret Van Hattem

LUXEMBOURG, Oct. 31.

WEST GERMANY appears to be leading a move in the European Economic Community to force Italy to give way on U.S. demands, made in international trade talks in Geneva, for greater access to EEC markets for its Mediterranean products.

Herr Hans Juergen Rohr, the West German State Secretary for Agriculture, said today that proposals for Italian forestry, irrigation and other structural projects should be set aside until agreement was reached in the current GATT talks.

Earlier, he had indicated to the Council of Ministers meeting here that there should be some form of trade-off with Italy between funds for the projects in question and access for products on the list put forward in Geneva by Mr. Robert Strauss, the U.S. special trade negotiator.

Sig. Giovani Marcora, the Italian Agriculture Minister, later denounced the move as "blackmail." He did not rule out the possibility of concessions to the U.S., but said he could not accept the way West Germany, as current president of the Council of Ministers, was linking a purely EEC matter to an international issue.

The problem of U.S. access for products on the so-called Strauss list remains one of the main obstacles to agreement in the current round of GATT talks, and most EEC members are anxious to see it solved. It involves agricultural products such as citrus fruit and tobacco, of which Italy is the only major Community producer and thus receives little support in resisting the U.S., except from France.

The structural measures under discussion by the Council of Ministers were originally included in the 1978 farm price proposals and Italy lifted its reservations on the final prices agreement only after the Council agreed to take a decision on them by September 30.

At the time, Mr. Finn Olav Gundelach, the EEC Agriculture Commissioner, pledged the Commission's full support in obtaining a positive decision, but apparently the Commission's full support has proved insufficient. No decision has been reached and none is likely to be sought during the remaining two months of the German presidency.

# Dried reeds proposed as domestic fuel

By John Walker

STOCKHOLM, Oct. 31.

A NEW KIND of fuel made from dried reeds and suitable for domestic heating has been developed by two research workers at the Institute of Limnology at Lund University in Sweden.

The common reed, when dried and made into a powder, can compete with oil when used for home heating, according to an article in "Ambio," the environment journal of the Royal Swedish Academy of Sciences.

Each hectare of reed plantation could yield a maximum of 10 tons of dry reed annually, equivalent in house heating terms to 50Mw, one kilogram of dry matter yielding 5Kw of energy. Harvest costs are forecast to make the final cost of producing reed powder about the same as oil when used for domestic heating.

Sweden is estimated to have just under 100,000 hectares (250,000 acres) covered with reeds, although some areas cannot be exploited as they are in nature reserves. A large number of lakes, at present unexploited, could also be adapted to reed cultivation.

THE EAST-WEST FORCE REDUCTION TALKS

# Basic obstacles remain after five years

BY PAUL LENDVAI IN VIENNA

THE 19 NATION East-West mutual force reduction talks enter their sixth year in a climate of disappointment. The faces around the conference table in the Hofburg, the imperial palace in Vienna, have changed. The positions of the two blocs may also have slightly shifted since the negotiations formally opened here on October 30, 1973. Yet the basic obstacles on the thorny road to an agreement about reducing the military hardware in Central Europe have remained.

After 183 plenary meetings in 16 rounds of negotiations, the two sides still disagree even on the central issue of how many soldiers the Warsaw Pact has facing NATO in central Europe.

Few of the Viennese, let alone tourists queuing for one of the coveted tickets to a performance of the world famous Spanish riding school next door, know that in the same wing of the glittering palace some of the ablest diplomats from East and West meet every Thursday morning to discuss and to deliver statements about one of the most complex exercises in disarmament.

Even the mysterious term "MBFR"—the abbreviation for "mutual and balanced force reductions"—has been unacceptable to the East because the term "balanced" could have implied that the Warsaw Pact should make larger reductions than the NATO participants.

The formal title of the forgotten talks in Vienna is "*mur aamee*," the somewhat bizarre shorthand for "mutual reduction of forces and armaments and associated measures in central Europe." But the official names and formal plenaries only provide a smokescreen for the important twists and turns which emerge at the informal weekly meetings.

It is at the encounters in the respective private residences that three delegates from each side—always of course including the Soviet and U.S. chief delegates—*do the real bargaining.*

Despite occasional Romanian complaints, the full participants (on the Western side Belgium, Canada, West Germany, Luxembourg, the Netherlands, Britain and the U.S. and on the Eastern side, Czechoslovakia, East Germany, Poland and the Soviet Union) are clearly more involved in decision-making than the countries with a "special status" (Denmark, Greece, Italy, Norway and Turkey in the West; Bulgaria, Hungary and Romania in the East).

In short, any future possible agreement will only affect, on the Western side, national troops and the forces stationed by the U.S., Canada and Britain in Germany and the Benelux states, and on the Eastern side the armies of East Germany, Poland and Czechoslovakia as well as the Soviet troops stationed in these three countries (but significantly not in Hungary).

In the past five years, there have been innumerable bilateral encounters between delegates. In the first couple of years or so, the so-called "first generation" of negotiators and their families frequently met socially, even staging singing contests and inventing MBFR limericks at their parties in the Heurigen, the wine gardens of Grinzing.

Except for the East German chief delegate, Ambassador Ingo Oeser, and a couple of Soviet and West German military advisers, however, the cast has changed.

But the new Western perception of the Soviet threat, and lack of progress in the talks, have been perhaps even more important than the change of personnel in making the atmosphere more *"business-like" and less "social."*

At these complicated talks, where the change of an adjective may imply a significant shift in emphasis, even the weekly Press briefings after the plenaries are highly formal affairs. The handful of journalists are generally outnumbered three to one by the spokesmen, their assistants and the secretaries. Then there is an array of interpreters who translate every question and statement into English, Russian and German. Thus the once crisp briefings have developed a special art of how to say nothing in three languages.

Far from dwindling in importance, however, the talks have recently become more than ever one of the crucial pointers to the future of detente.

Following a Western initiative last April 9, the Warsaw Pact responded on June 8 with a package deal which for the first time accepted the West's call for a common ceiling of 700,000 men in ground forces and an overall ceiling of 900,000 ground and air forces as the ultimate goal of the negotiations.

Two weeks later Soviet President Leonid Brezhnev himself *characterised the proposals* as a major effort to break the deadlock and called on the West to assess them very carefully. In turn, President Carter spoke about "a step in the right direction."

In his address to the last plenary meeting, Soviet Chief Delegate Mr. Nikolai Tarasov complained that the Soviet Union has been doing "everything possible to achieve a rapid, successful conclusion," but that the West, after almost *five months, has still not* officially replied to the latest Warsaw Pact proposals.

Furthermore, NATO has invented the thesis both of a Soviet threat and of the superior numerical strength of the East to justify the increase of its own military potential.

Thus it is now the turn of NATO to give a reply within what the Soviet diplomat called "a reasonably short time."

THE BALANCE OF POWER

| | Manpower | | Equipment | |
|---|---|---|---|---|
| | Ground | Air | Tank | Aircraft |
| NATO | 782,000 | 193,000 | 6,730 | 1,344 |
| WARSAW PACT | 935,000 | 204,000 | 16,200 | 3,075 |

Source: International Institute for Strategic Studies

**Chief Soviet arms negotiator *Vladimir Semonovich Semenov* will be leaving his Geneva post to become Ambassador to Bonn.**

**Semenov's replacement will be his deputy.**

The point is, however, that the West still regards the data produced by the East about its own forces as completely false. In order to reach the common ceiling of 700,000 ground forces, the Warsaw Pact should reduce its troops in central Europe not by 105,000 (as calculated by the Eastern proposals) but by 262,000.

On this central issue there is still no progress. The impasse, which primarily affects the conflicting estimates about the strength of the Soviet and Polish troops in the area, cannot be resolved without major concessions. Neither East nor West seems willing (or able) to make concessions involving a loss of face over the key issue of parity.

Aside from the data issue, there are other crucial controversial points. While accepting the Western call for a first stage reduction affecting only the U.S and the Soviet Union (involving a trade-off between 1,000 U.S. tactical nuclear weapons and 1,000 Soviet tanks instead of the 1,700 units requested by the West), the East seeks exact and detailed commitments for the other direct participants in phase two.

The Eastern blueprint also *stipulates that no country can* increase its forces above the level existing before the reductions, nor would any direct participant be allowed to replace more than 50 per cent of the forces withdrawn unilaterally by an ally.

In contrast, the Soviets could easily circumvent the rules through arranging unilateral reductions by the satellite armies and then in two separate phases (always replacing "only" 50 per cent of the reduction made to the national armies) *smoothly return to the starting* level of their original military strength prior to the force reduction agreement.

Last but not least, the Eastern package of June this year also contains an escape clause under which the Soviets (or the U.S.) can withdraw from the first phase agreement and cancel their reductions if either country is dissatisfied with the implementation of the second phase cuts. Worse still, such a decision could be taken unilaterally.

It is understood from reliable sources that the Soviets are also pressing for fixed rules concerning the withdrawal of units and armaments, thus weakening forward defence and organisational structure of Nato forces, while the West prefers "a mix." The East also wants to freeze certain categories of civilians employed by the armies.

The Eastern approach is motivated by the desire to place a permanent ceiling on the West German Bundeswehr, while *maintaining a maximum of the* clear advantages enjoyed in geography, manpower and equipment over the Nato forces.

So far the East has conceded very little on substantive issues to the West. The negotiability of a data compromise is clearly linked with the final outcome of the Soviet-U.S. SALT negotiations.

Given the political will on both sides, the forgotten Vienna talks could almost overnight become a crucial element in the *quest for detente.*

## AMERICAN NEWS

# Short-term interest rates rising strongly again

BY STEWART FLEMING

NEW YORK, Oct. 31.

SHORT-TERM INTEREST rates in the U.S. were rising strongly again today amid signs that the Federal Reserve Board might again be moving to restrain credit growth. As money market rates moved up, dealers were expecting record interest rates on this week's new U.S. Treasury issues.

The evidence of higher money costs and the growing conviction that the commercial bank prime rate will shortly move to 10¼ per cent brought share prices on Wall Street under renewed pressure after an initial attempt at a rally.

By midday the Dow Jones industrial average was down over 8 points but it had steadied from a loss of over 10 points earlier.

A major factor behind the sharp movement in money market interest rates in recent weeks has been the aggressive bidding for funds by large commercial banks especially New York-based institutions.

Over the past three years New York banks have been experiencing only sluggish loan demand from business but since early September demand has picked up smartly.

In addition it is thought that many banks are predicting significant increases in short-term money costs and are therefore seeking to purchase funds for six months to a year and more by selling certificates of deposit.

At the beginning of October prime three-month certificates of deposit were selling at yields of around 8 per cent and six-month certificates at around 9.25 per cent.

Last week, Morgan Guaranty Trust issued six-month certificates in "a sizeable amount" (reported to be over $100m) at 10¼ per cent. Yesterday Manufacturers Hanover issued certificates of six-month maturity at 10.75 per cent and Citibank at 10.85 per cent.

Similar upward pressures on short-term interest rates have been evident in the commercial paper market where bank holding companies (but not banks) can borrow. In the case of the certificates of deposit market, however, the nominal interest rate paid is significantly below the actual cost of funds because the banks must hold non-interest bearing reserves against dollar issues.

These are some of the factor's pressing towards a higher prime rate. The prime is currently at 10¼ per cent but money market economists suggest that given the combination of strong loan demand and rising costs of funds to the banks, this level will not hold much longer.

There is speculation, too, that banks may be borrowing in the U.S. and transferring some funds into the Eurodollar markets where interest rates are higher. Bank economists suggest however that arbitrage should in time even out the spread between the two markets.

Statistics for the second quarter of the year suggest, according to Mr. Dimitri Balatsos, an economist with Manufacturers Hanover, that U.S. banks were then repatriating funds from abroad to the U.S.

The upward movement of U.S. interest rates this month has prompted talk about an imminent credit crunch. But many economists argue that such a "crunch," in the traditional sense experienced in 1974, is not likely at present.

Since then, banks have evolved new methods of raising funds by, for example, selling real estate mortgages.

Earlier this year the Federal Reserve began to allow banks and savings institutions to sell six-months savings certificates to the general public, paying rates of interest keyed to Treasury bill rates.

Such innovations allow banks to attract funds and therefore tends to make restrictions on the availability of credit, at a price, less severe. Mr. Balatsos points out that if credit were not available, the banks would be able to charge higher prices for their loans than their current cost of funds.

The latest evidence of a tightening by the Federal Reserve is being taken as indicating that the Fed is now aiming for an average 9¼ per cent funds rate. But many economists argue that with inflation at between 7 and 8 per cent real interest rates are not high and therefore the Fed's monetary policy is not restrictive.

# A liberal Democrat edges ahead

US MID-TERM ELECTIONS

BY JUREK MARTIN IN DES MOINES, IOWA

ON PAPER, if any incumbent Senator should have been in trouble this year it was Dick Clark from Iowa.

A Democrat in a state with a tradition of electing many more Republicans to statewide office, a certified liberal when the national mood was conservative, interested in African affairs while the interests of his constituents are primarily corn and hog prices, perceived as "soft" on abortion, and too close to the trade union movement, it was hardly a surprise that he headed the Republican list of vulnerable opponents.

If he does lose next Tuesday, the repercussions will be felt well beyond the Iowa cornfields. For Sen. Clark, in six years in Washington, has emerged as a respected authority on both domestic and foreign policy issues, but above all on Africa.

It was he who frustrated in 1976 Dr. Henry Kissinger's plans to channel covert aid to the non-Marxist forces in Angola, and who has in the past two years been a consistent supporter of the Carter Administration's Africa policies.

So much so that earlier this year the South African Government considered his removal so important that it broke the diplomatic code by despatching an embassy official to Iowa to make a few derogatory remarks about him.

But now, with the election a week off, the latest local poll gives him an 11-point lead over his Republican opponent, Mr. Roger Jepsen. Mr. Clark admits the campaign has been easier than he expected.

His private polls put his margin even wider, to the extent that his staff are patently nervous about it. They remember that when he was first elected, in a major upset in 1972, the same poll a week before the vote had him behind by seven points, whereas he won by 10.

His edge now may be put down both to his own diligence as a Senator who has never neglected his constituents but perhaps more to the shortcomings of his opponent.

Mr. Jepsen, a silver-haired former Lieutenant Governor, is a rather dogged ultra-conservative who plugs away at the litany of the Right—lower taxes and a balanced budget, but bigger defence spending, anti-abortion, anti-Panama Canal, anti-equal rights for women—but without the flair that others of his political persuasion have used successfully.

Moreover, Mr. Jepsen for all his use of conservative expertise, has developed intermittently severe cases of foot-in-the-mouth disease.

Even Iowa Republicans demur at suggestions that social security be shifted to the private sector or at his defence of a former state official who wanted the State Commission of the Blind to be provided with a private military arsenal.

The popular and moderate Republican Governor, Mr. Robert Ray, considered certain for re-election, has visibly been distancing himself from his party cohort.

Not that Mr. Clark, on the stump, is a flaming liberal. Never a man of great charisma, he has adopted a dignified and, some have said, downright boring senatorial posture. He too, talks of cutting the fat, but not the meat, from Government, of making democracy more efficient and responsive, of reforming the welfare system, and of improving the quality of education.

In televised debates with Mr. Jepsen, he has sought to convey the image of experience and reasonableness, even agreeing with the sentiments behind his opponent's more extreme proposals before explaining his own more moderate solutions.

Mr. Clark has also tried to turn what appeared to be a potentially vulnerable area, Africa, to his own advantage.

He has been broadcasting one TV commercial which features a Vietnam veteran in a wheelchair noting that it was Mr. Clark who kept the U.S. out of Angola, and saying that things might have been different in Vietnam if he had been in the Senate at the time.

Mr. Jepsen has fired off on all African barrels. He has accused the Senator of siding with Rhodesian terrorists, of refusing to block Soviet and Cuban adventurism, of favouring the termination of commercial relations with South Africa, and even of supporting aid to Ugandan President Idi Amin.

Mr. Clark has painstakingly rebutted the charges—and has seen Mr. Jepsen tie himself in knots over comments that have been interpreted as overly sympathetic to Apartheid and to Mr. Ian Smith and the "Christian coalition" in Rhodesia.

The uncertainty at this late stage of what both sides agree has been a dirty campaign is due more to Iowa's political tradition.

Although registered voters are evenly divided between Republicans, Democrats and Independents, and although both Senators and four out of the six Congressmen are now Democrats, the superiority is thought to be fragile.

Democratic apathy at the polls is a factor that concerns Mr. Clark, as does the possibility that one-issue advocates (on abortion, for example) may strike some chords in the electorate.

A turn-of-the-century local politician once said that "when Iowa goes Democrat, Hell will become Methodist." Next Tuesday will tell if the old saying still has validity.

# Republican Senator in hard fight

By David Buchan

WASHINGTON, Oct. 31.

*ONE OF the biggest upsets in next week's Congressional elections could come in Illinois, where Senator Charles Percy, often mentioned as a Republican Presidential hopeful, appears to be fighting a losing battle to win a third six-year term in the Senate.*

An Illinois poll by the Chicago Sun-Times over the weekend put Senator Percy a full 17 percentage points behind his Democratic challenger, Mr. Alex Seith, a relatively unknown Chicago lawyer.

A partial poll published yesterday, covering some Chicago suburbs and Illinois counties put Mr. Seith 7 points ahead.

Senator Percy, a former president of the Bell and Howell Company and generally considered to be on the Left of his party, is apparently in trouble for some of the liberal stands he has taken.

Meanwhile, polls by the Richmond Times-Dispatch show that the former Secretary of the Navy, Mr. John Warner, will have to fight an extremely tight race against his Democratic opponent, Mr. Andrew Miller, for the Senate seat in Virginia.

But the same polls seem to show that Mr. Warner's campaign is not being helped by his wife, the former actress Elizabeth Taylor.

According to the poll, the number of Virginians who consider Mrs. Taylor a hindrance to her husband has risen from 34 to 40 per cent.

# Pan Am staff back to work

NEW YORK, Oct. 31.

PAN AM said it had resumed normal operations today with flight attendants obeying their union's request to end their industrial action over failure to reach agreement on a new contract.

Absence of as many as half the 3,000 stewards and stewardesses, who started reporting ill last Friday, caused long delays and some cancellations.

A court order against the action was issued on Saturday, but staff continued to report sick, with union officials saying they had not been served with the order.

AP

## U.S. OIL IMPORTS

# The post-Energy Bill era

BY DAVID LASCELLES IN NEW YORK

*THEORIES* abound as to why President Carter's Energy Bill failed to help the ailing dollar. But one of the most pertinent is the claim that no one knows what the Bill means—if anything—for the "bottom line," in this case oil imports and the balance of payments. Though the Department of Energy ran masses of facts and figures through its computerised model of the U.S. economy and came up with a potential saving of about 2.5-3m barrels of oil a day by 1985, this figure, many people believe, could just as easily have been snatched out of the air.

The main reason is that the National Energy Act in its final form contains no provisions at all for the future price of oil in the U.S., an omission which must make it hard to predict market conditions as little as a year or two from now. But the DoE had to make some kind of assumptions about world oil prices, and in the event decided there would be no change in the real price over the next seven years, a view that has been widely challenged.

The DoE's estimate also makes assumptions about how strictly new automobile and lorry standards will be applied, and how effective the new natural gas pricing structure will be in altering the fuel balance. In fact, a footnote acknowledges that the impact of new gas prices as provided for in the Act "will depend upon world oil prices and other market conditions.

It is perhaps unfair to question the DoE's forecasts when they were obviously made under strong political pressure and frequently had to be changed as the Energy Bill was chopped about by Congress. In fact, now that the Bill is finally on the statute books, the department hopes to have a more leisurely session with its computer and produce fuller forecasts in the coming weeks.

Whatever the outcome, though, the U.S. has come a long way since President Nixon's Project Independence, which was designed to free the country from energy imports by 1980. In fact, the milestones on that journey make ironic reading. Gerald Ford, who came to the presidency when it was obvious that independence was impossible, set a target of reducing oil imports to 5m barrels a day by 1985. By the time Mr. Carter presented his energy proposals 18 months ago, this target had slipped to 6-7m barrels a day, and when the Energy Bill finally went through, the figure had reached 9-10m barrels.

Today, U.S. oil consumption averages about 18.5m barrels a day of which about 8m are imported, somewhat less than the 9m barrels imported last year due to the start of Alaskan oil production. The general view is that demand will continue to rise steadily over the next two or three years, to over 20m barrels a day. But then the effects of the Bill will start to bite, and consumption should start falling again. The question is, how far?

**1985 IMPORT SAVINGS ESTIMATES FOR THE NATIONAL ENERGY ACT**

| | Savings in thousands b/d |
|---|---|
| **Conservation** | |
| Building conservation programmes/appliances | 410 |
| Car and lorry standards | 265* |
| **Utility rate reform** | 0-160 |
| **Natural gas pricing** | 1,000-1,400† |
| **Coal conversion** | 300 |
| **Energy taxes** | |
| Residential tax credits | 225 |
| "Gas guzzler" tax | 80 |
| Business energy credits | 110 |
| **TOTAL** | 2,390-2,950 |

* Assumes energy policy and conservation Act penalties are increased to full extent permitted. Assumes completion of administrative action to implement truck standards.

† DoE estimates of savings under the Natural Gas Bill range from 1m b/d to 1.4m b/d depending upon the degree of oil displacement which occurs as a result of increase gas supply. Increases in gas supply may displace LNG, propane and butane as well as oil. The precise displacement ratios will depend upon world oil prices and other market conditions.

*Source: Department of Energy*

The DoE expects demand in 1985 to be 19m barrels a day, of which 9-10m will be imported. Without the Energy Bill, it says, demand would be in the range of 21-22m barrels, with imports reaching 12-13m barrels a day. (By way of consolation, it adds that without the 1975 conservation measures on home insulation and vehicle consumption, demand would be in the region of 25-26m barrels a day by 1985.)

To reach these figures, the DoE assumed that with an estimated 133bn barrels of economically developable oil deposits in the U.S., plus a potential half a million barrels a day "enhanced" production from existing fields, U.S. oil output could be sustained at a level of 9m barrels a day into the middle of the next decade.

Inevitably, though, the DoE's figures have been criticised as over-optimistic or designed to serve the Administration's interests. A different picture is painted by, for example, the New York-based Petroleum Industry Research Foundation. Mr. John Lichtblau, the executive director, believes that the bottom line saving will work out closer to 1-1.5m barrels a day than the DoE's 2.5-3m, for a number of reasons. He argues that the DoE overestimates the amount of "shut-in" gas which could be released on to the inter-state market by the relaxation of price controls. (At the moment many gas producers are not selling their gas across State lines because these sales are subject to federal price controls. As a result, large surpluses are building up in gas states.)

Mr. Lichtblau also believes that technical and other difficulties will prevent utilities from converting from oil and gas to coal as fast as hoped. On the other hand, he believes there is enough in the Energy Bill to make a worthwhile impact on U.S. oil consumption, and he describes the target of keeping oil imports below 10m barrels a day by 1985 as "not unreasonable," particularly given the progress already made on such things as home insulation which has produced big fuel savings.

But even the DoE's critics are stabbing in the dark because they have no idea what legislation, if any, is forthcoming on oil prices. At the moment, these prices are controlled by the 1975 Energy Policy and Conservation Act which has kept them a couple of dollars below the world barrel price. However, controls are due to expire next May, at which time President Carter will have the option to extend them for another 14 months, to September 1981. This choice presents Mr. Carter with either a dilemma, or a useful tactical option, depending on which way you look at it.

Mr. Carter's public position (which he has emphasised to Europeans) is that he wants U.S. oil prices to rise to world levels by 1980. However, he failed to persuade Congress to include in the Energy Bill any measures—such as an oil equalisation tax which he says would have saved 230,000-300,000 barrels a day—to achieve this, mainly because the legislature feared for inflation. But the expiration of price controls gives Mr. Carter a chance to put pressure on Congress by threatening not to extend them unless it passes some kind of oil price legislation. If Congress then fails to act, it would be responsible for whatever increase in the cost of oil ensues. On the other hand, Mr. Carter's own anti-inflation programme could inhibit him from trying any tactic that did not ensure a smooth price transition though Mr. Schlesinger, the Energy Secretary did hint that exception could be made. "Energy is recognised to be a special national problem, perhaps falling outside the area of general constraints" he told a recent Press conference.

But how should that transition be made? By general consent, the equalisation tax proposal, which would have imposed whatever tax was necessary on domestically-produced oil to bring its price up to world levels, is dead. One alternative would be to liberate oil prices and introduce a parallel windfall profits tax on the oil companies to prevent them being the sole beneficiaries. Another would be to alter the definition of oil categories (at the moment newly discovered oil earns a higher price than old oil).

In the coming months, the Department will be putting together its National Energy Plan No. 2, a follow-up to the plan it produced in 1976, which formed the basis of Mr. Carter's energy proposals. Apart from devising an "equitable mechanism" for sharing out windfalls from any oil price increase, it will also look into ways of enhancing domestic energy supplies (including the more exotic forms) and raising the efficiency of energy use.

The plan is due out on April 1, a date which the DoE admit could have been better chosen. But only once Congress has absorbed what it says and acted on it, will the long-term energy picture become much clearer.

# Egypt-Israel peace talks resume after 10-day interruption

BY DAVID BUCHAN WASHINGTON, Oct. 31.

FOR THE first time in ten days, the Egyptian-Israeli and U.S. delegations this morning sat down together to resume their interrupted negotiations for a peace treaty between Egypt and Israel.

Mr. Cyrus Vance, the U.S. Secretary of State, who is chairing the delicate negotiations, yesterday met both sides separately, after which Mr. Moshe Dayan, the Foreign Minister leading the Israeli team, said: "We are about to solve some of the really tough issues, which is encouraging." His Egyptian opposite number, Mr. Boutros Ghali, echoed the sentiment.

President Carter has cancelled a news conference today to avoid the possibility of having to make a public statement on the controversial Israeli decision to expand Jewish settlements on the West Bank of the Jordan river. That decision nearly led to the recall of Egyptian negotiators from Washington last week.

The Administration feels it has already adequately made known its "deep displeasure" to Israel, without Mr. Carter underlining it on the very day that the talks resume.

Mr. Jody Powell, the White House Press Secretary, has said President Carter does not plan to see Prime Minister Menahem Begin, of Israel, when the latter arrives in New York later this week to receive an award from the National Council of Churches, even though Mr. Carter will be in the same city for an election campaign rally.

The last meeing of all three delegations in the Washington peace talks was held on October 2, when they agreed tentatively on a draft treaty text for submission to the *Egyptian and* Israeli Governments.

Both governments now want changes, many of them contradictory, in the draft treaty, and today's talks will be aimed at trying to accommodate these.

The Camp David framework agreement set a three-month deadline (December 17) for the completion of an Egyptian-Israeli peace treaty. This bad originally seemed a relaxed timetable for the negotiations. But with the 10-day hiatus, caused in part by the row over the West Bank settlements, it now seems less so.

Freddie Mansfield

The party candidates (left to right): Ohira, Fukuda, Nakasone, Komoto

JAPANESE POLITICS

# Fukuda favourite for party leader

BY CHARLES SMITH IN TOKYO

MR. TAKEO FUKUDA, now 73 and nearing the end of his second year as Prime Minister of Japan, seems virtually certain to lead the poll in a "primary election" for the presidency of the ruling Liberal Democratic Party which starts on Wednesday. This marks a sharp change from the position earlier this year when Mr. Fukuda appeared to be lagging badly in public opinion polls, and in the estimation of his fellow LDP Diet members.

The main reason for the Prime Minister's eve-of-poll emergence as the favourite to succeed himself seems to be the remarkable series of diplomatic successes for which he has managed to claim (and may well deserve) most of the credit. Mr. Fukuda "did well" by the standards of previous Japanese Prime Ministers at the Bonn summit, taking the initiative in several areas instead of waiting to be criticised by his Western colleagues for Japan's failure to curb its balance of payments surplus. He did even better in August when the negotiations on the long-awaited Japan-China Treaty of Peace and Friendship were finally wound up in a glow of enthusiasm about the Sino-Japanese "entente."

## Main rival

Mr. Fukuda's main rival for party leadership is 68-year-old Mr. Masayoshi Ohira, secretary general of the Liberal Democratic Party and a leader (as Mr. Fukuda also is) of one of the main intra-party factions. Mr. Ohira appeared to have the edge over the Prime Minister until the late summer but has failed to come up with a vote winning gambit comparable to Mr. Fukuda's string of diplomatic triumphs. His main strength lies in the fact that he is trusted and liked by other factions within the party apart from his own personal following (including most notably, the now leaderless faction headed by ex-Premier Kakuei Tanaka, in disgrace for his alleged role in the Lockheed affair).

Ohira's parliamentary following is much greater than that of the third ranking candidate for party leadership — 60-year-old Mr. Yasuhiro Nakasone. But Nakasone has been gaining ground outside the party (i.e. in newspaper opinion polls) in recent months and could turn out to be a strong challenger for second position in the primary.

The question of who comes second in the vote is of prime importance given that Mr. Fukuda will probably not stand for re-election at the end of his next two-year term of office. The runner-up at the primary may thus be regarded as the Prime Minister's heir apparent although this will seem more natural if the man concerned is Mr. Ohira than if he is the charismatic, but rather controversial, Mr. Nakasone.

Whoever turns out to be Mr. Fukuda's challenger for the party leadership, it seems certain that it will not be Mr. Toshio Komoto, the last of the four candidates to enter the race and almost certainly the man destined to win the smallest number of votes. Mr. Komoto has a successful business career behind him and seems to be making no less of a success of his current job as Minister of International Trade and Industry—in which one of his major tasks has been to mastermind the post-oil crisis restructuring of Japanese industry. As a politician, however, he ranks merely as a prominent member of the faction led by ex-Premier Takeo Miki (Mr. Fukuda's predecessor in the premiership) and as something of a pawn in the continuing bitter personal struggle between Miki and Fukuda. Komoto, in fact, appears to be standing for the party leadership chiefly because Mr. Miki could not bear to throw his support behind any of the other candidates and was in no position to enter the lists himself.

## Defects removed

The primary elections system, which will be getting its first trial next month, has been designed by the LDP as a "democratic leadership selection procedure" free from the defects of the old system which consisted of a single election in which Diet members and prefectural party officials were the only participants. "Money electioneering" in advance of previous LDP leadership polls (particularly in 1972 when Mr. Tanaka was elected party president) led to severe intra-party tensions and finally to virtual collapse of the election system itself (in 1974 when Mr. Miki was arbitrarily selected as leader by a handful of LDP "elder statesmen").

Voters in next month's primary will include the entire paid-up membership of the LDP numbering just under 1.5m people (including about one million who have joined the party in the twelve months or so since the primary system was first mooted. Ballots will be distributed, and returned, by post with the whole process taking four weeks from the formal start of campaiging this week to the announcement of the result on November 28. The winner of the primary will not automatically go on to become party leader—at least not until LDP members of the Diet have had their say in the final run-off election (between the two front runners in the primary) on December 1. It is generally felt however that whoever turns out *to be the choice* of the 1.5m paid-up members of the LDP will get the endorsement of the 350-odd members of the Parliamentary Party."

## Confidence vote

One advantage of the primary system, from the LDP's point of view, is that it should, with any luck, produce the appearance of a resounding vote of confidence for Prime Minister Fukuda, who will thus be well placed to call a general election once the party leadership election is over. (The LDP would almost certainly increase its majority at an election called, say, next January although technically the present parliament still has another two years to run.)

Critics of the system say that it will have the effect of diffusing the behind-the-scenes power struggles, which are a normal *feature of Japanese Conservative* Party politics, into a month-long battle dominating the newspaper headlines and detracting attention from more serious matters such as the health of the nation's economy."

# Ugandan force 'invades Tanzania'

BY OUR OWN CORRESPONDENT NAIROBI, Oct. 31.

THE TANZANIAN Government to-day announced that regular Ugandan troops had crossed into Tanzania west of Lake Victoria, and were engaged in combat with Tanzanian forces.

The Tanzanian officials said that there was no question that the Ugandans might be stragglers from a group of Ugandan mutineers—they were regular troops, apparently acting on the orders of President Idi Amin.

The nearby town of Bukoba was reported to be on the alert because of the state of near-war between the two countries. Swedish missionaries stationed in Bukoba have been evacuated to a hospital south of the town, but a few foreigners are reported to be still there.

Some offices in Bukoba have closed, according to reports here, and substantial Tanzanian army reinforcements have been moved into the area.

Uganda Radio, however, made no mention today of an incursion into Tanzania by Ugandan troops, saying that the fighting continued inside Uganda, and repeating allegations that Ugandan forces were repelling an invasion by Tanzanian forces.

Despite reports of an army mutiny in Uganda, Ugandan officials contacted in Kampala today said that this was "nonsense." "There is no internal trouble. There has been no army revolt," one senior official said.

Conditions in Kampala were described as normal, apart from a shortage of petrol caused by three U.S. oil companies—Esso, Caltex and Mobil—implementing the U.S. Government's embargo on trade with Uganda.

Diplomats here have been reporting trouble in the Ugandan army. They said the main fighting in south-west Uganda was between rival Ugandan army groups, while some of the mutineers had been joined by anti-Amin guerrilla groups from Tanzania.

Latest reports, however, said there had in fact been a Tanzanian incursion into Uganda, but the Tanzanians had been pushed back, and some Ugandan units may have pursued them into Tanzania.

There is no independent information on the situation. Uganda has not announced the recent bombing of the Tanzanian town of Bukoba, and no further statement has been made on threats by President Amin to bomb Dar Es Salaam and other Tanzanian towns.

● Tony Hawkins writes from Salisbury: A total of 654 people died in the Rhodesian guerrilla war during October, according to official figures published by Combined Operations headquarters here. This is the second largest monthly death-toll since the war started nearly six years ago.

# Severe drought in China

BY COLINA MacDOUGALL

CHINA IS facing a significant setback to its modernisation plans in the severe drought currently affecting a major grain-producing area. Failure to increase grain output this year after two years of stagnant production caused by weather calamities may force the leadership to divert more foreign exchange away from industrial equipment imports to grain. It will in any case reduce revenue for domestic investment in industrialisation.

The official New China News Agency has announced that Anhwei province, normally a substantial producer of rice and wheat, is affected by "crippling drought," the worst for over 100 years. The adjoining provinces of Kiangsi and Kiangsu have also been badly affected. In Anhwei, estimated to produce about 6 per cent of China's total grain crop, all major reservoirs and rivers have now dried up, and Lake Chao Hu, which is over 25 miles long, is now only knee deep.

While China every year faces bad weather in some parts of the country, and is particularly prone to drought in the north, this year's worst calamity is affecting an area which normally enjoys reliable rainfall and is consistently productive.

# Second clash in S. Africa

BY QUENTIN PEEL JOHANNESBURG, Oct. 31.

A FULL-SCALE police search, using helicopters and headed by a specially trained anti-terrorist unit, was under way today in South Africa following a shoot-out yesterday between police and suspected nationalist guerrillas.

The incident, the second of its kind in four days, took place in the Northern Transvaal, some 40 miles west of Louis Trichardt, and about 80 miles from both the Rhodesian and Botswana borders, close to the Lebowa tribal homeland. It was also close to the sole direct rail link between South Africa and Rhodesia, which passes through Beitbridge.

General Mike Geldenhuys, the Commissioner of Police, said a police sergeant was shot in yesterday's clash and at least three guerrillas were seen. He said they fled after the shooting, abandoning Soviet-made light machine-guns and ammunition.

The last shooting incident between police and suspected guerrillas occurred only last Friday in the homeland of Bophuthatswana when two "terrorists" were shot dead after they threw a grenade at a police patrol, and a third was subsequently captured, according to the South African police. The incidents confirm the trend towards guerrilla warfare in South Africa itself, hitherto a rare occurrence.

# Poor nations helped by debt write-offs

BY DAVID MARSH

THE POOREST developing countries will save roughly an annual $300m in debt service payments over the next 10 to 20 years through the measures taken up to now by industrialised nations in writing off bilateral aid debts.

That is the conclusion of UNCTAD officials reviewing how many of the rich countries have implemented their pledge of last March to soften the terms of past bilateral development assistance to the world's poorest.

Action last month by West Germany and Japan means that 11 advanced countries have now decided to cancel past development loans, forgoing principal and interest payments worth more than $6bn due over the next decades.

And UNCTAD estimates that the total benefit to the Third World would mount to over $700m annually if all OECD donor countries wrote off outstanding development loans to the hard-core poorest in the United Nations' "least developed" category (the LLDC's) and also softened interest rates and grace periods on past loans to the marginally less needy states in the "most seriously affected" group (the MSAC's).

The aim is simply to bring the terms of outstanding aid into line with present easier conditions. OECD countries now generally channel all new bilateral aid to the LLDC's through non-repayable grants, and provide assistance to the MSAC's under highly concessionary conditions.

Sweden, Canada, Switzerland and the Netherlands in March had already decided debt write-offs for the most needy countries. Britain announced at the end of July that it was writing off £900m in principal and interest from 17 developing nations. And in October:

● West Germany decided to cancel DM 4.3bn ($2.4bn) owed by most of the 30 llde's.

● Japan, although avoiding a formal debt write-off because of legal problems, agreed to provide Y130bn ($730m) in additional grant aid to llde's equivalent to the annual principal and interest on their outstanding development credits.

● The U.S. Congress, passing the new Foreign Aid bill, gave the country's Agency for International Development (AID) *authority from next October* to write off llde loans. AID is studying how this might be put into effect.

The debt cancellation action, in itself, will not necessarily lead to a net expansion of overall aid to those countries concerned, as the funds generally come from the donor countries' normal aid budgets.

In fact, most countries are committed to a steady rise in aid flows over coming years. The World Bank estimates that net aid from OECD donors this year will rise $4bn to $18.8bn, or 0.35 per cent of their collective GNP —although this is still only half the UN's formal target of 0.7 per cent.

# Italy offers China $1bn credit to stimulate trade

BY PAUL BETTS

ROME, Oct. 31.

ITALY WAS reported today to have offered Peking a $1bn eight-year credit line to promote a series of major Italian ventures in China.

Details of the loan, carrying a 7.75 per cent fixed interest rate and which is to be paid over a four-year period, were released during the current visit in Peking of an Italian delegation led by Sig. Rinaldo Ossola, the Italian Foreign Trade Minister.

This is the first time Italy has proposed the opening of a major credit line to China. The credit line would be put together by a consortium of Italian special credit institutes and commercial banks as China is understood to be averse to direct inter-government loans. A delegation of Italian bankers is to visit Peking in December to work out the technical aspects of the loan.

The Italian dollar credit line is expected to help finalise a major deal valued at some $600m between Fiat and China for a series of ventures involving among others the restructuring of Chinese tractor construction plants and the building of a factory for the manufacture of engines for agricultural use.

Other ventures being considered by Peking are a coal slurry pipeline involving Snam Progetti, the engineering and design subsidiary of the Italian state hydrocarbons group, ENI, and a number of power plants in which two Italian consortiums operating in the energy sector, GIE and SAE, could participate.

ENI is also negotiating for offshore drilling rights and for contracts to build petrochemical plants. Another major Italian company currently attempting to boost its presence on the Chinese market is the Milan chemicals conglomerate Montedison.

To promote Italian trade exchanges with China an Italian trade office is expected to be opened in Peking. In the first seven months of this year, Italian exports to China more than trebled to some L35bn, or the equivalent of about £50m.

**For the sixth month this year, Italy reported a trade deficit in September of L71bn, or about £40m according to figures released by the official statistics institute, Istat, Paul Betts writes from Rome.**

**Nonetheless, this represents a substantial improvement over last year with an effective cutback in the trade deficit during the first eight months from L1,945bn last year to L273bn this year.**

**This turn-around reflects in part the decline in the increase of imports due to the industrial recession as well as the favourable effects of the fall of the U.S. currency on the country's terms of trade.**

**Reuter adds from Tokyo:** Negotiations on a major loan by the Export-Import Bank of Japan to the Bank of China are currently stalled over Chinese insistence that the financing be dominated in dollars rather than in the strengthening yen, according to Ex-Im Bank executive director Mr. Masao Fujioka.

Mr. Fujioka noted that the Ex-Im Bank has always been a yen receiving bank which offers loans only in yen. Asked if he felt the Chinese might substitute a privately syndicated dollar loan for the proposed Ex-Im Bank yen financing, Mr. Fujioka replied that if the Chinese are willing to accept current market rates on dollars, then it is up to them.

He said it has not yet been decided how to proceed from the current impasse in the negotiations on the proposed Ex-Im Bank loan.

Japanese commercial banking sources said it is possible a syndicated dollar loan could be arranged for China by Japanese commercial banks.

# Strauss for talks in Brussels

By Giles Merritt

BRUSSELS, Oct. 31.

MR. ROBERT STRAUSS, President Carter's special trade representative, is to visit Brussels in advance of attending next month's multilateral GATT talks in Geneva on trade liberalisation.

Mr. Strauss is due to meet EEC Commission president Mr. Roy Jenkins and a number of other Brussels commissioners for talks before the GATT negotiations in Geneva on November 15-17.

Mr. Strauss' decision to visit Brussels before the ministerial negotiations on the Tokyo round no doubt reflects the importance the Carter administration is attaching to the EEC Commission's threat in mid-October to discontinue its participation in the Geneva talks unless the U.S. guaranteees that countervailing duties will not be applied to imports from the EEC next year.

In a statement on October 16 the Commission regretted that the U.S. Congress had gone into recess until mid-January without extending the waiver on a range of EEC product categories, and said it hoped a solution to the impasse could be provided by President Carter through "administrative means."

# Sharp cut in Iranian exports will have major effect on world oil prices

BY PATRICK COCKBURN

HEAVY cutbacks in Iranian crude exports are likely to have a major impact on the world oil markets. Iran is the second largest oil exporter in the world and in the first seven months of this year its production averaged 5.64m barrels a day.

Yesterday production was reduced to 1.5m barrels, not counting some small joint ventures, a spokesman for the western consortium operating in Iran said in London.

This contradicts a Radio Iran report earlier in the day that all oil exports from the country had now been halted by strikes, while oil companies including Caltex Petroleum and Shell have told Japan that they may totally suspend shipments.

Globally a cut of 5.6m barrels a day of crude — a sixth of OPEC's total production—would not be disastrous, since production in the Middle East has been running at some two or three million barrels a day below capacity.

But the impact on oil prices is bound to be sharp, particularly since they are already showing a tendency to rise because of an expected OPEC decision to increase prices in December. OPEC oil exports have recovered well from a sharp cutback in the first quarter of the year.

Oil exports from Iran have been increasingly affected by strikes since martial law was declared in September. Initially the strikers demanded increased wages and salaries and improved fringe benefits, such as housing allowances. The National Iranian Oil Company (NIOC) said that many of these demands were "reasonable" and agreed to meet them.

It is only in the past few weeks that the strikers, most of whom are in the south western province of Khuzestan, have made more political demands. These include the release of all political prisoners, an end to martial law, the replacement of foreign workers and even the expulsion of the consortium of Western oil companies.

The consortium, which takes about 3.15m barrels a day of Iran's exports, was already being harried by a series of strikes which have hit at almost every part of their operations. There were strikes at the huge Kharg Island tanker terminal, which now appears to be settled. But the present disruption of supplies is more directly the result of the strikes in the oilfields themselves.

The consortium was already woried by the breakdown of its negotiations to determine its future relationship with NIOC. Political strikes bring the consortium itself, whose owners are: BP, 40 per cent; Shell, 14 per cent; CFP, 6 per cent, and Exxon, Gulf, Mobil, Socal and Texaco each with 7 per cent into the heart of the escalating conflict between the Shah and the opposition—which is the last place they want to be.

For the Shah the reduction of oil exports to a quarter of their previous rate is a challenge which he must overcome if his regime is to survive. The country's economy is almost entirely dependent on oil revenues, which have been running at a little over $20bn a year.

Knowledge of this total dependence on oil revenues, all the more necessary now that large wage increases have been granted to other strikers in almost every sector of the economy, has no doubt precipitated the Shah into taking the dangerous step of sending the troops into the oilfields.

It is still unclear if the workers will return at the end of the three-day deadline which they have been given, or whether oilfields can be operated by the troops, Iranian management still at work and foreign expatriates.

Against a background of growing resentment in Iran towards foreign expatriate workers the consortium is likely to want to keep its own staff in the background and not be seen by the striking Iranians to be keeping the oilfields going with military assistance.

# TV puts colour into poor Brazilian homes

BY SUE BRANFORD IN SAO PAULO

SAO PAULO, Oct. 31.

THE JAPANESE giant, Matsushita, recently launched a luxury 20 inch colour TV set in Brazil, under the trade mark National Panasonic. Marketed at £441 for a cash payment, or at £885 over a 24-month hire purchase period as most families will buy it, it may appear a highly expensive consumer product for a country with a per capita income of about £700 per annum.

Yet, despite the price, colour TV sales are booming. They have shot up from 68,000 sets in 1972, when colour TV was introduced to 760,000 last year. Bumped up in part by the World Cup in football-mad Brazil, they may well reach 900,000 this year.

Perhaps because it is a peephole into an inaccessible, luxury world, television, particularly colour, exercises a powerful spell over Brazilians. It is not uncommon to see colour TV sets in flimsy huts, made out of packing cases and other waste materials, in the numerous shantytowns around greater Sao Paulo.

In fact, 62 per cent of the 5m residences in the state of Sao Paulo have television, although only 10 per cent of the labour force earns more than £53 per week.

Indeed, the incorporation of about one million new families each year into the electrical consumer goods market has acted as a powerful boost to sales. Market research has shown that, after an iron and electric light bulbs, families newly-blessed with electricity save up for a TV set, putting it before an electric cooker and even a refrigerator, despite the sizzling heat in some areas of the country.

Colour TV is increasingly ousting black-and-white, but, reflecting the buoyancy of the market, it has not forced down sales of the latter in absolute terms. After the introduction of television sets into Brazil in the mid-1950s, black-and-white sales grew very rapidly until the mid-1960s, reaching 678,000 in 1968. Since then, particularly after the advent of colour, they have grown more slowly, reaching 1.3m sets last year.

Although there are still more black-and-white sets sold than colour, the colour market, where annual turnover is now estimated at £380m, has forged ahead in terms of value.

Manufacturers admit that, thanks in part to the fact that demand surpassed supply for a long period, the profitability of colour television has been much greater than of black-and-white. However, with the arrival of more manufacturers, the price of a colour set is finally dropping.

The process of concentration in the sector has a familiar ring for some European readers. In the 1950s, about 80 per cent of the market was in the hands of about 25 Brazilian manufacturers who reaped huge profits.

Well before the advent of colour television, conditions changed drastically. With the flood of new manufacturers, competition became cut-throat. The price of TV sets slumped and many Brazilian companies—Invictus, Empire, ABC, Colombia and others—went out of business or were bought up.

Another factor contributing to the process of concentration was the rapid growth in the use of television itself as a vehicle for advertising. Whereas only a quarter of television set advertisements went to television in 1962, by 1975 the proportion had increased to 60 per cent. Smaller manufacturers clearly could not bear the heavy costs of TV advertising.

The coup de grace for the Brazilian companies and for many local component manufacturers was the controversial opening of the Manaus free zone. Here foreign companies can import components and parts tax-free, and, once assembled, market them in Brazil.

Sharp of Brazil, in association with Sharp of Japan, was the first to open a plant in the free zone. It was rapidly followed by other Japanese companies

At a rapid pace, the Japanese took over what remained of the Brazilian industry. Semp do Brasil, a leading Brazilian manufacturer, reluctantly formed a joint venture with Tokyo Shibaura Electric—Toshiba, to produce colour sets in the free zone.

Pereira Lopes, a Sao Paulo group joined up with Japanese Marubeni and Sanyo to open a plant in Manaus. Springer, a Rio Grande do Sul company that also started up in Manaus, first associated with U.S. Admiral and is now negotiating a technology assistance contract with Japanese Mitsubishi.

The "deBrazilianisation" of the sector has greatly worried local businessmen. Eduardo Pimentel, director of Abinee (Brazilian Association for the Electrical and Electronic Industry), commented: "I believe that colour television was introduced prematurely into Brazil. We should have waited and gradually built up the Brazilian dominated black-and-white sector until local manufacturers were strong enough to face the problems of colour."

# TI silencer expansion

By Peter Cartwright

PLANS TO expand exhaust systems production in Europe for new cars to more than £10m annually are being implemented by T.I. Cheswick Silencers, the biggest independent supplier of systems in the UK.

The Tube Investments subsidiary's £20m business accounts for more than half original equipment supplies for car makers outside their own plants, and 14 per cent for truck makers.

In Europe more than £5m of business is generated from the factory at Roermond, near Eindhoven. The object of the Blackpool-based group is to shift the 75/25 per cent balance to 50/50 in the next five years.

Mr. John Young, director of the parent TI Silencers as well as operating TI Cheswick argues that no-one in the component sector can any longer afford to remain a UK company. "Otherwise you just decline like shipbuilding, motor-cycles and too many other things. I want to be faced in five years' time with where to have my headquarters —Blackpool or Roermond."

# Lucas in new diesel deal

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

LUCAS CAV is to be the major supplier of fuel injection equipment for the diesel engines to be produced by the SOFIM Franco-Italian consortium.

The contract could be worth up to £10m a year for CAV but the group will give no details except to say it is a "multi-million-pound contract."

Deliveries of the fuel injection equipment have already started from the CAV production centres at Medway, Kent, and Sudbury, Suffolk, where some £25m has been invested, mainly to provide diesel system capacity.

SOFIM (Societa Franco Italiana di Motori) makes engines for Fiat, Alfa Romeo and Saviem at Foggia in Southern Italy. The first SOFIM diesel fitted with the CAV fuel injection system is a four-cylinder, 2.4 litre model, and supply will be extended shortly to include a 2 litre version.

Fiat is using the engines in the diesel versions of its 131 and 132 saloons. Sales of diesel cars in Italy have trebled in the last five years and can be expected to increase even more sharply with the availability of locally-produced engines.

Diesel fuel costs only one-third of the price of petrol in Italy.

The 2.4 litre SOFIM diesel engine is being used to power the new IVECO range of vans and light trucks already on sale in several European countries and due for UK introduction next year.

# U.S. to probe dumping claim

By David Lascelles

NEW YORK, Oct. 31.

BRITISH, Belgian, West German and French exports of titanium dioxide to the U.S. are to be investigated by the Treasury for possible anti-dumping, following an allegation by SCM Corporation that it is being sold in the U.S. at less than fair value.

The Treasury has referred the case to the International Trade Commission which has 30 days to find injury.

Imports of titanium dioxide, a white pigment, totalled $58m last year.

# Pakistanis to visit Kabul

By Chris Sherwell

ISLAMABAD, Oct. 31.

A HIGH-LEVEL Ministerial team from Pakistan is to visit Afghanistan on November 15 to discuss the "expansion of co-operation" between the two countries. The visit will be the first of its type since 1965, when a transit trade agreement was reached.

The announcement comes against a background of uncertain relations between the two countries. Since the military coup in April which overthrew the Daoud regime and installed a Soviet-oriented socialist regime, there have been reports of thousands of refugees crossing into Pakistan and of fighting inside Afghanistan.

Pakistan's military leader, General Zia-ul Haq, was the first head of state to visit Kabul when he called there in September on his way to Teheran. Though very little is thought to have emerged from the trip, he announced the proposed trade visit upon his return.

The delegation will be led by the Commerce Minister, Mr. Zahid Sarfraz, and will include representatives from the foreign affairs and communications ministries.

# Ocean Inchcape Brazil

THE OWNERSHIP of Ocean Inchcape Brazil, which has recently won contracts worth $5m to set up supply bases for the offshore oil industry in Brazil, was given incorrectly in our report on October 26.

The company is owned 50 per cent by Ocean Inchcape, 30 per cent by S. A. Wilson Sons and 20 per cent by Companhia Wilson Sons.

S. A. Wilson Sons is owned 5 per cent by Companhia Wilso Sons and 50 per cent by th Inchcape Group. It is not, a indicated last week by Ocea Inchcape, a wholly owned Inchcape Group company.

Companhia Wilson Sons i itself a wholly-owned subsidiar of Ocean Wilsons (Holdings), UK investment company.

# Humber Bridge peace hopes rise

By Ian Hargreaves, Transport Correspondent

A COMPROMISE in the row over productivity on the Humber Bridge project appeared in prospect last night after talks involving Mr. William Rodgers, Transport Secretary.

British Bridge Builders, the Humber Bridge Authority and the construction section of the Amalgamated Union of Engineering workers agreed to meet again to discuss revised productivity goals.

Failure to meet targets, laid down by the authority's consulting engineer, has led to the authority deducting almost £1m from progress payments to the construction company in recent months.

British Bridge Builders said after the meeting that the authority had already revised its productivity criteria and that the cash deductions had been reduced.

## Resolved

The dispute also resulted in a threat from British Bridge Builders that it might have to abandon the project and in a decision to cut bonus payments to bridge workers in weeks when the productivity targets were not met.

The dispute is being taken to arbitration after a High Court action earlier this year.

Mr. Rodgers said after the meeting that the talks had cleared the air, and the issue could be resolved with common sense and "some give and take on both sides."

"Everyone is committed to completing the bridge at the earliest date."

The £67m project is already more than two years behind schedule.

# CBI protests over U.S. social security demands

BY DAVID BUCHAN AND PETER RIDDELL

THE Confederation of British Industry has protested to the Inland Revenue that British companies sending executives to the U.S. are facing demands for American social security payments.

Talks are under way between the British and U.S. Governments, although there appears to be limited scope at present for dealing with the CBI's complaints.

The CBI says few cases have come to light so far but it expects to hear of more examples.

The U.S. Internal Revenue Service said yesterday that it had increased its enforcement of social security payments for which non-resident foreigners working in the U.S. were liable.

The regulation covering these has been in existence since the mid-1950s, but until now the revenue service has used its discretion in enforcing it. In theory, the social security contributions could be levied on British executives visiting the U.S. for one day.

The regulation affects Britons and nationals of any other country with which the U.S. does not have a totalisation agreement removing the need for a double payment.

Under U.S. law, any foreigner, whether resident or not, must pay social security contributions, which go towards pensions and disability insurance, for the time spent working in the U.S.

## Nothing unusual

The social security liability amounts to a 6.05 per cent payment by the company on wages paid and a 6.05 per cent payment by the employee on the wages he receives. It is assessed from reports made by companies every year. The Internal Revenue Service is responsible for its collection from foreign companies and nationals.

Internal Revenue Service officials said there was nothing unusual or irregular about their decision to enforce the law's provisions more strictly. Attention was often switched to different parts of the tax code which had been laxly enforced previously. This occurred as resources became available within the service.

Last year, the Social Security Administration was authorised by Congress to negotiate totalisation agreements with foreign countries.

Officials of the administration have admitted that if there were such an agreement with Britain, a British businessman working for short periods in the U.S. could be covered by his UK social security payments and an American businessman in Britain by his U.S. social security payments. For the moment, though there were no plans to reach such an agreement with Britain.

This is central to the CBI's protest, since it argues that British businessmen would not benefit from these charges. In addition there were no corresponding charges on U.S. businessmen visiting the UK.

Social security payments in the U.S. are not generally counted as income tax and therefore do not come under treaties eliminating double taxation.

However, according to U.S. Treasury officials, the newly negotiated British-U.S. treaty would cover that part of social sescurity payments made by the employee.

This counts as a sort of income tax because, unlike the employers' contributions, which resemble a payroll tax, it is levied on wages received. The new British-U.S. tax treaty has not yet been ratified, however, as there are still unresolved points, and is therefore not yet in effect.

## Tax definition

The CBI is pressing for this subject to come entirely within the scope of the treaty. The Inland Revenue in London said that it had only just been made aware of the matter.

Officials, however, recognise the difficulty created by the fact that social security contributions are not taxes as such and therefore may not come within the definition of taxes on income covered by the double-taxation proposals.

# Ford's wage bill and turnover top survey charts

BY JOHN MOORE

THE FORD Motor Company heads a survey of 1,000 foreign-owned companies in the UK in terms of turnover—in its last financial year the company's sales topped £2.25bn.

The survey, published by Jordan and Sons (Surveys), also shows Ford heading the charts for the biggest wage bill at £345m.

The group also has the largest number of UK employees—about 73,000. Woolworths is second with 64,000.

Ford has the highest value of cash and near cash resources of £114m. It comfortably beats Cavenham which held cash and near cash of £88.9m in the financial year ending April last year.

Using other criteria, some of the service companies figure prominently. Ogilvy and Mather had the highest average wage per employee at £6,621. Playboy Club had the highest profit margin—nearly 47 per cent, and Tampax was second with a 43.5 per cent.

Some of the smaller companies in turnover terms have made a good showing in the exports league tables. Exports as a percentage of total sales were high, in seven cases as much as 100 per cent.

Other companies have not showed up as well as they could have because their latest accounts were not available for the sample. Ford's ratings, for example, have been based on its figures for the year ending last December, and Esso Petroleum's ratings on its figures of a year earlier.

**Britain's Top 1,000 Foreign Owned Companies 1978*: published by Jordan and Sons (Surveys), Jordan House, 47 Brunswick Place, London N1 6EE. Price: £14.*

# Herbert blames Edgwick for loss

Financial Times Reporter

ALFRED HERBERT, the State-owned machine tool company, will suffer an overall loss this year only because of problems at its Edgwick plant, Coventry, Mr. Walter Lees, the managing director, said yesterday.

Mr. Lees forecast that all other operations were likely to produce a profit after interest of about £1.25m in the year to the end of December.

The company, without Edgwick, would have achieved a profit of more than £2m last year, instead of the £236,000 pre-tax loss, Mr. Lees maintained.

Most of the 720 redundancies now sought by the company are at Edgwick, the group's largest plant which suffered from heavy overheads and an ageing product range.

## Volunteers

Its market for commonplace capstan and turret lathes has come under attack from low-cost producers such as Poland, Taiwan and Korea.

Of the planned 520 redundancies at Edgwick, more than 300 workers have volunteered to leave. It is hoped to complete the programme by the end of the year.

The central staff is also to be trimmed by about 100 and negotiations are continuing on a similar number of redundancies at the Red Lane plant, Coventry.

Mr. Lees said that it was impossible to forecast losses that might be incurred at Edgwick this financial year.

However, other parts of the group were operating profitably, the stock of machine tools had been reduced and cash flow had improved.

# Commuters' threat over fares

BY LYNTON McLAIN

HALF OF Britain's commuters would stop travelling to work if fares rose by as little as 10 per cent, the Alfred Marks Bureau said in a survey published yesterday.

Most commuters disliked travelling long distances to work. Half Britain's office staff worked locally, but the 10 per cent rise in ticket prices would boost this to three-quarters, the survey said.

More than half of all commuters were tired, hungry, exhausted or dirty after a commuter journey to work. More than one in ten of the daily travellers said that they arrived at work ready to go home again. Only 1 per cent arrived at work feeling "exhilarated."

"Unless relief or assistance is given to office staff commuters, they will seek local jobs when next faced with a rise in fares," Mr. Bernard Marks, chairman of the bureau, said. The movement away from commuting to work was already apparent in London.

Employers could help by providing travel allowances, but at present only 8 per cent of companies bought season tickets for their staff.

# No increase in beer consumption

By Our Consumer Affairs Correspondent

BEER CONSUMPTION in September remained virtually static compared with the same month last year, according to the Brewer's Society yesterday. Consumption was 3,292,197 bulk barrels, against 3,292,823.

For the first nine months of the year it was up by 2.1 per cent, from 29,510,186 bulk barrels last year to 30,143,585.

# TV rentals frozen

FOUR BIG television rental companies had agreed not to raise their charges until April at the earliest, Mr. Roy Hattersley, Prices Secretary, said yesterday.

The companies are Radio Rentals, Domestic Electric Rentals, and Multibroadcast (all subsidiaries of Thorn Television Rentals), and Visionhire (part of the Electronic Rentals Group).

# Consumer group attacks import controls move

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

MOVES for import controls to protect British industry were criticised last night by Mr. Peter Goldman, director of the 600,000-strong Consumers' Association, publishers of Which? magazine.

Mr. Goldman told the association's annual meeting in London that the organised consumer movement in the UK and the rest of the world was totally against such controls because they conflicted with the interests of ordinary consumers.

Whatever benefits they might bring to manufacturers, they would have the effect of raising prices and restricting choice for the consumer.

But if the Government still decided to bring in import controls and quotas they must not be "conceived behind closed doors by acts of incest between unions and employers."

Instead, there should be an independent scrutiny by a publicly appointed commission, which would examine the effects of individual controls and suggest certain adjustments and reorganisation to the industry concerned.

In addition, controls should be subject to time limits "either phased out over a period or equipped with an auto-destruct mechanism."

In the absence of such an independent body at present, the Consumers' Association would take on a watchdog role.

# Honeyman sale makes £408,691

SALEROOM

BY ANTONY THORNCROFT

THE SECOND day of Sotheby's controversial sale of the Honeyman collection of scientific books and manuscripts yesterday produced £190,840 to bring the two-day total for the A-B section to £408,691.

This is an unusual auction because Sotheby's is the vendor as well as wielding the hammer, having bought the collection from the Californian engineer in the spring for almost £2m. The book trade does not like the twin role played by Sotheby's, but this not seem to be affecting prices.

Sotheby's made the deal because Mr. Honeyman, who is over 80, did not want the bother of a series of auctions spread over many years. Now it is Sotheby's that stands to lose if there are any fluctuations in the currently strong book market. So far it has done well out of its speculation.

The top price yesterday was £16,000 from the Dutch dealer N. Israel for a first edition of Tycho Brahe's "Astronomiae instaurate mechanica," published in 1598.

The price was three times the forecast.

Quaritch, the London dealer, paid £12,000 for a first, 1661, edition of Robert Boyle's "The Sceptical chemist" while a first edition of Borgo's "Aritmetica" published in Venice in 1484 made £7,000. A first edition of "Grosses Destillierbuch," by Brunschwig sold for £6,200.

At Christie's, South Kensington, an embmroidered night cap of around 1610, which has remained in the same family, sold for £1,400 in a fans and costume auction which totalled £25,844. A set of four late 17th century curtains fetched £1,700, and a fan of around 1740 showing Pierrot and Columbine sold for £520.

An antiquities and ethnographical sale at Phillips yesterday produced £10,300 with a top price of £1,100 for a rare Eskimo fire drill bow carved with hunting scenes. In a similar auction in New York on Monday, a Fante female figure sold for $5,500, while an Olmec stone carving of a seated figure, produced around 1000BC, made $1,000, and a Greek marble head of the second century BC fetched the same sum.

● NEWS ANALYSIS—OFFICE OF FAIR TRADING

# Five progressive years of consumer protection

BY DAVID CHURCHILL

THE OFFICE of Fair Trading yesterday won an assurance from the Trident Discount stores chain, which retails domestic appliances and other consumer goods throughout the UK, that it would in future trade fairly with its customers.

The promise of good behaviour is the 124th such assurance given under the 1973 Fair Trading Act since the office was set up five years ago today.

In those five years the Office has made considerable progress in improving manufacturers' and retailers' standards as well as improving other areas of consumer protection.

But it has gradually changed its emphasis as it gained experience from the more straightforward consumer issues to the more controversial area of protecting the consumer through increased competition.

It has made great strides in exposing the illegal price-fixing cartels in some uncompetitive parts of British industry and Mr. Gordon Borrie, the director general, has made no secret of his desire for more powers to uncover the other restrictive practices he believes exist in industry and commerce.

The Office is at present investigating the alleged restrictive practices in the Stock Exchange rulebook, and also choosing as its target more traditional consumer topics such as bogus price displays and fraudulent second-hand car dealers.

But the fact that between June 1974 and February 1978 there were 115 complaints of service given by Trident's operations in the Strathclyde and Lothian areas of Scotland shows that in spite of legislation, consumer protection is still very much needed.

The complaints made by Trident's customers concerned after-sales service of goods bought. The company's shops in some Scottish areas either refused to repair or replace defective goods, or when repairs were undertaken they were unsatisfactory. In many cases, the Office said yesterday, complaints were resolved only after the intervention of the local consumer protection department.

The company explained that it had management and organisational problems in its Scottish operation which were now resolved. In addition, it has introduced a scheme throughout the UK to improve service by giving customers an immediate exchange of goods or a refund within seven days of purchase for whatever reason without quibble.

The Office was set up by the Conservative Government on November 1, 1973, after the Fair Trading Act was passed earlier that year. Its creation was a direct result of a sharp U-turn in policy by the Heath Government.

When the Tories came to power in 1970, one of their first actions was to disband the old Consumer Council, a semi-autonomous body financially supported by the Treasury to monitor consumer issues.

But such a move went against the growing surge of consumerism developing in the early 1970s—an increase in interest that was reflected in private opinion polls for the Government.

Eventually, after much debate in the Government aided by the newly-formed Central Policy Review Staff, Sir Geoffrey Howe was given the Cabinet post in charge of consumer affairs and the Fair Trading Act was passed.

The major innovation in the Act was the Office of Fair Trading, headed by a director-general of fair trading, whose job was to monitor consumer protection with the aid of fairly sweeping powers of investigation not previously available to any Government department.

The first director general was Sir John Methven, now in a similar post with the CBI. In the early days Sir John gave much emphasis to the Office's role of consumer protection, by providing information and working closely with the trade to raise standards.

Mr. Borrie, who took over from Sir John in June, 1976, has continued this work in the field of consumer protection. But he has also pushed the Office more into its two other main areas of activity—consumer credit and competition policy.

The consumer credit work was largely a result of having to implement the procedures under the 1974 legislation aimed at preventing some of the worse abuses of hire-purchase and loan activities.

But the work on competition policy has largely reflected Mr. Borrie's own interests, the introduction of the 1976 and 1977 Restrictive Practices Acts, and the growing awareness that long-term improvements in competition is the most effective way of ensuring consumers are protected.

The Price Commission also believes in the long-term effects of competition improving corporate efficiency and hence keeping prices down; but while the Commission has been bitterly criticised for its intervention in this area, the Office's work has not.

To a certain extent this reflects the legislative controls on the Office's activities within the contentious area of competition policy.

Over the past 12 months the Office has uncovered more than 300 restrictive trade practice agreements in the construction and road building materials industry.

At least another 700 such agreements throughout industry are believed to exist. But the Office is unable to act on its suspicions alone: it has to have definite proof before it can operate under the law. It is this restriction, it believes, which helps to protect illegal cartels at present.

While its political future is probably assured — not having aroused such a degree of opposition as the Price Commission — the Office's problem is a lack of understanding in most people's minds as to just what it does.

Yet, paradoxically, the Office is probably one of the most active of the Government agencies set up to monitor business activity.

● The share price of the City Hotels Group dropped 7p yesterday to 119p because of the recent announcement that the Office of Fair Trading is to examine restrictive agreements established by the group's ice cream parlour subsidiary Dayville.

The agreements, between Dayville and 61 of its ice cream parlour franchises were placed on the restrictive practices register on Monday. They cover 55 separate franchises in Sussex, Surrey, Cheshire, Lancashire, Middlesex and Essex and a further six in London.

The restrictions involve agreements by Dayville not to supply its 32 flavours of original American ice cream in defined areas while the franchises agreed to sell only produce recommended by Dayville and acquired from its authorised suppliers.

# £1.9m grant given for development of vehicle battery

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

A £1.9m GOVERNMENT grant has been awarded to Chloride Silent Power towards the development of a sodium sulphur battery, which, the company says, will have at least three times the energy of lead-acid batteries.

The company says that the new battery would give road vehicles a range of much more than 100 miles, compared with 60 miles for the present Silent Karrier vehicles, which incorporate Chloride lead-acid batteries in a Dodge van.

The grant is to be made from the Department of Industry's £20m New Product and Process Development Scheme launched in July last year and which aims to help UK manufacturers—particularly in the mechanical or electrical engineering sectors—bring new commercially-viable products to the market place more quickly.

Chloride Silent Power is jointly owned by Chloride and the Electricity Council. Since it was set up in 1974 to develop the sodium sulphur battery about £2.6m has been spent.

The Department of Industry grant will contribute to the next four years of development expenditure, including the building of a pilot manufacturing plant.

Dr. Brian Halliwell, general manager of Chloride Silent Power, said yesterday: "Most of the basic research and development problems have now been overcome. We are building a prototype battery which, when complete, will be fitted to a road vehicle for trials early next year."

The cost of sodium sulphur batteries is likely to be competitive with that of the lead-acid types, depending on the volume of production.

Chloride claims that among the many advantages of the new battery is that it uses two materials which are relatively cheap and plentiful throughout the world—sodium and sulphur.

Dr. Halliwell said: "Despite heavily funded programmes in America and other parts of Europe, we believe our own research and development programme gives Britain a leading position in the world race for success in this field.

"We welcome this further practical Government support for a project in which all concerned have great confidence."

Government support in the early development stage was given during research carried out by British Rail and by the Atomic Energy Research Establishment, Harwell, when funding was by the Department of Environment and the Department of Industry.

# Monetary system good for UK, says Morse

BY MICHAEL BLANDEN

BRITAIN SHOULD join the proposed European Monetary System from the start, for her own good and for the good of Europe, Sir Jeremy Morse, chairman of Lloyds Bank, said yesterday.

Sir Jeremy, a former chairman of the International Monetary Fund's committee of 20 on monetary reform, was directly opposed to Lord Armstrong, chairman of Midland Bank.

Last week Lord Armstrong said that the proposed European system was worthless as formulated at present and of no advantage to Britain.

Sir Jeremy said at a meeting arranged by the Royal Institute of International Affairs, that Britain had cut its inflation rate to the average for the member countries of the OECD and sterling had been, and could remain, stable with the help of North Sea oil.

Britain should join the proposed system in these more favourable circumstances.

For Europe, sterling could be a significant stabiliser in the mix of currencies and Britain could make an important contribution to solving the technical problems and in stressing the fundamental aspects involved.

For Britain, membership could reinforce the Government's declared aim of further reducing inflation; it would enable the country to work for advantages in other EEC areas, such as the Community Budget and the common agricultural policy; and to share in rebuilding a better base for the world economy.

Sir Jeremy commenting on the turmoil in the foreign exchange markets, said that the lack of confidence in the dollar would be removed only when there was evidence of an improvement in the U.S. trade balance. This could happen within six to nine months, and then there could be an over-reaction.

In the longer term, however, while the dollar would continue to fill a major role as a trading currency, it would be necessary to look for an alternative reserve currency. These could include the IMF's Special Drawing Rights, and possibly a European currency unit.

In the discussions on the planned new European system, too much weight had been placed on the technical exchange rate and intervention aspects of the proposals. The more fundamental and long-term aspects had been largely overlooked.

These included developing the European currency unit as an infant European currency which might one day stand besides the dollar; reserve pooling to produce a significant fund for medium-term credit; and a renewed effort to bring the European economies together by co-ordinating policies to cut inflation and unemployment and to promote investment and growth.

The last of these was the most important, he said, because no system of relatively fixed exchange rates could work without closer convergence between the economies.

# Yarrow chief quits British Shipbuilders

BY OUR GLASGOW CORRESPONDENT

THE LAST of the great Clyde shipbuilding families is to sever its links with the nationalised industry after the decision by Sir Eric Yarrow to resign next year as chairman of Yarrow (Shipbuilders).

SIR ERIC YARROW
*Dislikes nationalisation*

Sir Eric, aged 58, is the third generation of the Yarrow family to lead what has grown to become one of the UK's three specialised naval yards, employing 5,800.

From March 31, he will confine his activities to being chairman of the family firm, Yarrow and Co., and of its wholly-owned subsidiary, Y-ARD.

Mr. Robert Easton, who has been managing director of Yarrow (Shipbuilders) since July last year, will also become chairman.

Sir Eric had never disguised his dislike of nationalisation, first when Yarrow (Shipbuilders) was absorbed into the ill-fated Upper Clyde Shipbuilders and now with British Shipbuilders.

He said yesterday that it had never been his intention to remain so long in a nationalised industry, but he had wanted to see the new management team "played in" before he departed.

None of Sir Eric's four sons has entered the shipbuilding concern so the Yarrow connection with the yard at Scotstoun is now severed.

The company was founded by Sir Alfred Yarrow in 1865 at a small Thames yard on the Isle of Dogs. It moved to its present location in 1906, rapidly acquiring a reputation for advanced warship construction.

Sir Alfred handed over his posts as chairman and managing director to Sir Harold Yarrow in 1922. Sir Eric joined the company in 1946, became managing director in 1958 and chairman in 1962.

He leaves the company with a £250m order book for four Type-22 frigates for the Royal Navy and four logistical support vessels for the Iranian Navy.

# Sea oil output down to April low

OIL PRODUCTION in the UK sector of the North Sea was down to an average of 1,087,531 barrels a day during September, its lowest since last April.

Figures released yesterday by the Department of Energy show that total crude oil production in September was 4,357,540 tonnes, again the lowest figure since April.

In August average daily production of North Sea crude was running at 1,103,931 barrels a day and total production for that month was 4.5m tonnes.

## Council home plans

TWO NEW Government initiatives on council housing were announced yesterday by Mr. Peter Shore, Environment Secretary: a new category of housing and extra resources to help the worst estates; and a nation-wide pool of council homes so that tenants can move more easily.

The schemes will probably be covered in the proposed new Housing Bill. They emerged during a speech by Mr. Shore at the annual conference and exhibition of the National Housing and Town Planning Council in Brighton.

## Flights cheaper

BRITISH CALEDONIAN Airways has introduced off-peak excursion fares to Paris, Amsterdam and Brussels from Gatwick up to 40 per cent cheaper than existing return fares.

## Giro banking offer

THE National Girobank, banking arm of the Post Office, last night announced free current account services for all its personal customers when they are in credit.

## Home loans plea

HOME BUYERS might face a severe shortage of properties for sale if mortgage lending is not increased, the Abbey National Building Society said yesterday. It commented that an improvement in the flow of mortgage funds is needed after the recent rise in house prices.

# More commission for life company brokers urged

BY ERIC SHORT

A CALL for a better life assurance "cost/price structure"—effectively a plea to life companies to pay more commission to insurance brokers on new business—was made yesterday by Mr. Brian Shenton, managing director of Noble Lowndes Personal Financial Services Division.

He said that brokers had over the last five years seen a 15 per cent a year cut in the relative returns from life companies as measured against the growth in manpower employed in life broking.

The present basis of paying commission did not give the broking industry the right reward for the service provided. But life companies did not appear to be too concerned on this point, although the effects of such inaction were fully emphasised.

Mr. Shenton, speaking at a London conference on the relationship between life companies and brokers, called on life companies to adopt a proper cost/price structure which would provide sufficient margins to brokers to operate profitably.

Life companies should examine the costs between operating a direct sales force and obtaining business from insurance brokers. The business coming from brokers would show a cost saving.

Life companies should also examine as a matter of urgency the balance of costs between those incurred by the life company inspectors servicing brokers and the brokers themselves. There were too many inspectors and the numbers could be reduced without affecting the flow of business.

Mr. John Loudon, managing director of Stenhouse Reedshaw Life and Pensions, challenged life companies to confirm whether they believed that brokers had a major contribution to make in life assurance.

If so, companies should recognise that brokers could make considerable costs savings in four main areas.

The business produced would have a low lapse rate, because the consumer would be sold the correct contract. The brokers did considerable market service to life companies which had a spin-off for the consumer.

# National Carriers profit

BY LYNTON McLAIN

NATIONAL CARRIERS, the road freight subsidiary of the National Freight Corporation, is expected to make a pre-tax profit of £2m this year—the biggest since the company was formed 10 years ago.

The figure compares with the National Carriers' first profit, £250,000 made last year.

Most of the improved profit is expected to have come from an expansion of the company's contract distribution service. This is likely to contribute £8m to the company's £100m turnover, double that of last year. The service is expected to have an £11m turnover next year.

The company yesterday disclosed it had been awarded a distribution contract worth £3m over the next three years, to distribute motor parts for Volkswagen and Audi.

National Carriers invested £450,000 in 45 new vehicles which it will operate for VW and Audi. The company has won distribution contracts from Cadbury Schweppes, Lever Brothers, Woolworth and Fiat since the scheme was introduced in January last year.

By next year national distribution contracts are expected to contribute a fifth of the company's growing profits, but will account for only 10 per cent of total turnover.

The parcels business of National Carriers is still losing money. The appointment this month of Mr. Paul Rivett as group director for distribution was designed to boost parcels activity.

The improved profits expected from National Carriers may help improve the position of the parent corporation. This made a £9.5m loss last year, but is not expected to break even this year, in spite of the capital reconstruction earlier in the year.

The company's capital debt was written down £53m this year, which reduced the asset value to £100m, but this is not expected to be reflected in the balance sheet until next year.

# State tries to buy Vickers subsidiary

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

BRITISH SHIPBUILDERS has made a bid for an offshore engineering subsidiary of Vickers.

Both companies confirmed last night that talks had taken place but said: "Nothing conclusive has been decided upon and we have nothing to announce."

It is the first time that British Shipbuilders has bid on the open market for another company, although since nationalisation it has taken over Ailsa Shipbuilding of Troon.

The subsidiary is the Vickers Offshore Projects and Development Engineering concern, set up in 1975 to marshal Vickers' expertise in undersea and marine technology for offshore applications.

Lord Robens, Vickers chairman, said in his last annual report that the group had been unable to find enough employment for the subsidiary, which has offices in Barrow-in-Furness and London.

The projects and development business is part of Vickers' troubled Offshore Engineering group, which lost about £3m in the first half of this year.

Sale of the subsidiary would not be expected to make a startling difference to performance of the offshore engineering group as a whole.

No turnover figure is available for the design company. It employs 200 highly-qualified engineers.

For British Shipbuilders, expected to announce losses of almost £100m shortly, the purchase would be a major boost of its offshore design expertise.

The corporation is keen to compensate for its rapidly declining merchant ship order book by developing its offshore side.

# Dover port traffic rises sharply

ALMOST as many passengers and vehicles passed through the port of Dover in the first nine months of this year as in the whole of 1977, the harbour board said yesterday.

Up to the end of September, 7.2m passengers used the port, compared with a total of 7.8m last year. And 1.1m cars used ferries and hovercraft serving Dover, compared with 1.2m during 1977.

The board said that commercial road haulage traffic was still growing at an annual rate of 10.5 per cent.

# Lorry probe urged

BY OUR TRANSPORT CORRESPONDENT

SUPPORT FOR a public inquiry into the case for raising the maximum permitted weight for lorries came yesterday from the road transport industry.

A joint statement by the Road Haulage Association, representing hauliers, and the Freight Transport Association, which represents transport users, said that the inquiry could give an independent verdict on the balance between the economic advantages of heavier lorries and the environmental effects of the change.

The associations, referring to the furore caused in environmentalist circles by the leaking of an internal Department of Transport memorandum in favour of raising the maximum weight from 32 tons to 38 or 40 tons, said it was a pity emotional arguments were again diverting attention from the real issue.

"It is time that the uncertainty on this issue which has plagued British industry, vehicle manufacturers and vehicle operators for a decade was brought to an end one way or another."

# London Hilton plans casino

By Michael Thompson-Noel

THE London Hilton Hotel plans to operate a first-floor casino in partnership with Mr. Cyril Levan's Victoria Sporting Club. Mr. Levan is to apply to the Gaming Board and licensing justices for a licence.

The Ladbroke Group was known to have been among the most powerful front-runners for the London Hilton contract. Hilton International operates more than 70 hotels world-wide and has ambitions to extend its U.S. casino interests.

The London Hilton has been open for 15 years. The casino, planned for the first-floor Wellington restaurant, overlooking Hyde Park, will have nine to 12 tables.

The Victoria Sporting Club has one of the largest casino memberships in Europe — about 100,000. Mr. Levan's interests in Britain also include betting shops and bingo halls.

Casino gambling is one of the most profitable businesses in Britain, although this year the Royal Commission on Gambling, under Lord Rothschild, proposed much higher levies and taxes.

Had they been operating last year, the new taxes would have reduced the profits of London casinos from an estimated £42.1m to £10.2m.

# Chevron to create 500 Teesside jobs

BY SUE CAMERON

SEVERAL HUNDRED new short-term jobs will go to Teesside during the next few years because of Chevron Pertoleum's decision to use the area as a base to hook up its Ninian Northern oil platform in the North Sea.

The hook-up—the final joining together of the oil platform's superstructure—will be carried out offshore, but the Teesside base will be used as a loose materials depot. Minor work will also be carried out there, and it will act as a management centre.

Chevron estimates that at the peak of the hook-up operation in 1980, between 500 and 600 people will be employed at the base, most of whom will be recruited locally.

It said that it had chosen Teesside as the hook-up base because skilled labour, suitable offices and warehousing were available.

The company, which has leased premises for the base from Union Insulation at Thornaby, say that it will not start recruiting until spring next year.

The other partners in the Ninian oilfield are the British National Oil Corporation, Imperial Chemical Industries Petroleum, British Petroleum (Development), Ocean Exploration, Murphy Petroleum, Ranger Oil (UK) and London and Scottish Marine Oil.

# Post date

SEAMAIL CHRISTMAS cards and letters for the U.S. and the West Indies should be posted by Monday, the Post Office said yesterday. It was also the last date for Canada where Christmas delivery could not be guaranteed because of a strike backlog.

# Viscount Rothermere

A SERVICE of thanksgiving for the life of the 2nd Viscount Rothermere, former chairman and president of Associated Newspapers Group, will be held at St. Margaret's, Westminster, at noon tomorrow. The address will be given by Lord Blake, Provost of The Queen's College, Oxford, and the lessons will be read by the Duke of Marlborough and Lord Rothermere.

# Mr. L. Hill

MR. LAURENCE HILL, who resigned on Monday as chairman of BAT Industries' International Stores subsidiary, was formerly director of buying within the department store division of United Drapery Stores. He was not chairman of the company, as erroneously reported yesterday.

# VW and Audi prices to rise by 5.5%

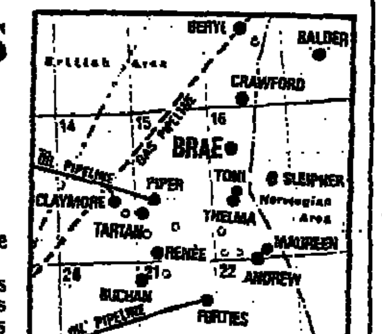
VOLKSWAGEN and Audi prices are going up in the UK by an average of 5.5 per cent as they introduce the 1979 models.

The importers say that prices have not been increased since last spring and most models have new features, improved specifications and some technical improvements.

Examples of new prices: the Polo N goes up from £2,410 to £2,535; the Golf L from £3,065 to £3,235, and the Audi 100 Avant CD 5E automatic from £7,820 to £8,136.

The VW light truck increases include the LT 31 chassis cab which goes up from £4,225 to £4,489, and the LT 35 panel van up from £4,885 to £5,139.

# Marathon Oil awaits Brae Field decision



BY BRUCE ANDREWS

A £500M PLAN for the first phase development of the Brae oilfield in the British sector of the North Sea, is expected to go before the Department of Energy for approval within the next three months, according to Mr. Harold Hoopman, president of the Marathon oil company. Marathon owns Pan Ocean Oil, the Brae Field operator.

The Brae Field is in block 16/7A, about 150 miles east of Orkney. Initially, Marathon proposes to develop the southern part of the field, which contains recoverable oil reserves of more than 250 million barrels.

Mr. Hoopman said that under the development plan, a steel platform capable of handling 100,000 barrels a day would be installed near the eighth discovery well on the field. It is hoped that production will start in late 1983. The oil would be transported to the UK by pipeline, according to Mr. Hoopman, but its route has yet to be decided.

How far Marathon's plans have been accepted by its partners in the Brae Field is unclear.

Pan Ocean has a 38 per cent share, followed by the British National Oil Corporation (20 per cent), Bow Valley (14 per cent), Kerr McGee (8 per cent), Ashland and Louisiana Land and Exploration (each with 6.3 per cent), Siebens (4 per cent), Saga (3 per cent) and Ashland Canadian (1.4 per cent).

According to Mr. Hoopman, the proposals are about to be agreed, but at least one of the partners yesterday was saying that it saw a need for detailed engineering feasibility studies before the go-ahead could be given.

Long lead time items for the platform, such as steel and compressors, would be specified in the new year, Mr. Hoopman said. The installation would be a complex one. Set in 340 feet of water, it would carry equipment for water injection and the re-injection of gas, which should improve oil recovery.

Mr. Hoopman emphasised that the programme he outlined was intended only as the first phase of the Brae Field development. There were plans for the subsequent development of reserves around the third and second discovery wells to the north of the field and possibly around the first discovery well.

The Brae Field is one of the most geologically enigmatic in the North Sea. Oil industry analysts have varied widely in their estimates of total reserves, putting them at anything from 180m to 1bn barrels.

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|---|---|---|---|---|
| CHEVETTE L. | WEEKLY UNLIMITED **£58.00** | WEEKLY UNLIMITED £66.00 | WEEKLY UNLIMITED £64.75 | Hertz refrain from publishing unlimited mileage rates. As an indication of cost differential however, Hertz daily rate for a Cortina, 2.0 GL is £12.00+12p per mile. **Swan National rate is £9.00+ 9p per mile.** |
| CAVALIER 1600L | WEEKLY UNLIMITED **£72.50** | WEEKLY UNLIMITED £83.00 | WEEKLY UNLIMITED £80.50 | |
| CORTINA 1600/2000 GL AUTO | WEEKLY UNLIMITED **£95.00** (1.6) | WEEKLY UNLIMITED £125.00 (2000) | WEEKLY UNLIMITED £105.00 (1.6) | |
| CORTINA ESTATE 1600L | WEEKLY UNLIMITED **£95.00** | WEEKLY UNLIMITED £112.00 | WEEKLY UNLIMITED £105.00 | |
| GRANADA 2.3 GL AUTO | WEEKLY UNLIMITED **£140.95** | WEEKLY UNLIMITED N/A | WEEKLY UNLIMITED £159.25 | |

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# Make the switch and make more money.

LABOUR NEWS

# Pay threat to GKN by unofficial body

BY NICK GARNETT, LABOUR STAFF

DIFFICULTIES FACING engineering companies in settling within pay guidelines were emphasised yesterday as industrial disruption threatened the Guest Keen and Nettlefolds group.

The unofficial shop stewards' committee, which claims to represent workers throughout GKN, has called for a one-day strike of the group's 70,000 work force next month over pay.

Individual companies in the group have already suffered strikes over pay, although so far most disputes have been settled.

The group consists of 200 separate companies making a range of engineering products, including car transmission and axle parts, scaffolding, and nuts and bolts. About half the group's production is for the motor industry.

Group management says the individual companies, whose pay settlement dates range from August to next July, negotiate with the unions independently, although the unofficial works committee has apparently accused the group of trying to enforce central control on wage negotiations. The management denies this strongly.

The committee has no bargaining rights within the group, and it is still unclear what support the strike call will receive. The main unions representing manual workers are the Amalgamated Union of Engineering Workers and the Transport and General Workers' union.

One principal problem for GKN companies, as for other engineering employers, results from the national engineering agreement earlier this year.

The Government insists that that agreement, which boosted earnings by 14 per cent, be costed against the 5 per cent guideline.

Difficulties in offsetting the effect of the national agreement are thought to have contributed to a strike by a section of the workers at Smethwick Drop Forgings, a GKN company. The dispute was eventually settled through a productivity scheme.

The Renold power transmission factory at Coventry was the first large plant to be hit by industrial disruption because of offsetting. The factory was shut by a four-week strike, also ended by agreement on a productivity deal.

## Buckton attacks bonus inquiry proposals

MR. RAY BUCKTON, leader of the locomen's union ASLEF, said yesterday that he was bitterly disappointed by the outcome of the inquiry into British Rail bonus schemes.

Although he spoke of "tremendous ill-feeling" among members, he refused to be drawn on whether it could lead to a rail strike.

He plans to call an emergency meeting of the union's national executive to discuss the recommendations of the tribunal, headed by Oxford don Lord McCarthy.

Speaking from his hotel room in Prague, where he is on union business, Mr. Buckton said: "This is a matter for very serious thought and consideration. We shall discuss it in depth at a meeting—probably next week.

### Guards

ASLEF had demanded responsibility payments for its 27,600 members, to match bonuses of up to £5.75 a week paid to guards who issue and collect tickets on trains calling at unmanned stations.

The tribunal has recommended extra money for only drivers on the 125 mph high speed trains.

The claim almost led to a strike earlier this year. Mr. Buckton said: "I don't want to comment on the possibility of industrial action.

"I don't know how my members have been able to keep so quiet since April on this issue. There is tremendous ill-feeling."

The tribunal recommendations were beneficial to neither union members nor the industry.

## Larger councils agree on 5%

By Pauline Clark, Labour Staff

EMPLOYERS' NEGOTIATORS for big metropolitan Councils agreed yesterday to work within Government guidelines in all wage negotiations this year. White-collar staff, teachers and manual workers will be affected.

Representatives of more than 20 negotiating bodies dealing with upwards of 1m local-authority employees in the main industrial areas were meeting in London to discuss pay in general.

Amid uncertainty over the eventual outcome of TUC talks with Ministers about the 5 per cent policy, the employers are anticipating that the Government will wait until it knows whether it can agree with unions before setting limits on cash available to local authorities for the present wage round.

Representatives of the Association of Metropolitan Authorities said after the meeting that any increase in the present 5 per cent limit for wage increases this year would involve "enormous sums of money." They estimated that every 1 per cent increase would cost about £20m.

The meeting followed Monday's claim by union negotiators for 1.1m local-authority manual workers, which included a demand for a £60m minimum wage, compared with the present £42.50.

The employers said that that demand alone was worth about 40 per cent, while the total package, including a claim for a 35-hour week and other improved benefits, would, they estimated, add more than 70 per cent to the wage bill.

They pointed out that even quite a small rise in the Government's low pay ceiling set at £44.50 in its anti-inflation White Paper, would greatly effect council's wage costs.

Manual workers' negotiators were also said to have "surprised" the employers with their additional demand for wages to be linked to an index of average earnings at two-thirds of the national level.

## Provincial newsmen are offered 5% plus a promise

BY PAULINE CLARK, LABOUR STAFF

BRITAIN'S 9,000 provincial journalists were offered a full 5 per cent pay rise yesterday with a promise that if Government pay policy changes by mid-December a further increase will be considered.

However, Newspaper Society negotiators made clear that provincial newspaper employers were not prepared to breach pay policy, and rejected a claim for a £20 across-the-board increase from the National Union of Journalists.

They told the union that if the 5 per cent pay limit was not raised, they would be willing to put a case to the Department of Employment for additional rises for the "more experienced senior journalists."

Yesterday's meeting, in which union negotiators also demanded longer holidays, a 35-hour week, London weighting allowance and improved maternity pay, was the first at which employers had responded to the claim.

Basic rates for provincial journalists after training are between £60.92 and £66.82 a week, which the union has described as "nothing short of a scandal."

It says that even excluding trainees and adding the pay of executives (although not editors) average earnings on provincial newspapers are less than £80.

In particular, the union is concerned that unless pay is improved substantially, the drain of talent from the provinces will continue, with senior jobs still going unfilled.

In a recent document on pay and conditions distributed to all its provincial members, the union said that the Newspaper Society should "act now to raise pay rates substantially, regardless of arbitrary limits bandied about by politicians."

## Eight Hull trawlers blacked

EIGHT HUMBERSIDE deep-sea freezer trawlers at Milford Haven, West Wales, have been blacked by two unions because their owners are allegedly importing skilled craftsmen to maintain and repair the vessels.

The dispute is likely to intensify within a week unless written assurances are given. About 150 men in the Transport and General Workers Union may refuse to handle the Hull refrigerator ships' big cargoes of export mackerel.

The engineering workers' district secretary, Mr. Frank Jones, said sanctions were being taken not only because local men were being deprived, but also because of a Milford docks by-law that local labour should be used on visiting ships.

The dispute may mean that Hamlings and the Boyd Line, the owners, will decide to withdraw their fleet, which provides an important economic boost for Milford Docks Company.

But Mr. Jones said: "We want these ships in the port, but we also want a fair deal and we are determined to have it. We shall seek support from every quarter necessary."

## Secretary of non-TUC federation resigns

BY NICK GARNETT, LABOUR STAFF

THE GENERAL SECRETARY of one of the two umbrella bodies for non-TUC staff unions has resigned in what is thought to be a disagreement with his executive.

The resignation of Mr Paul Nicolson, an ordained clergyman and general secretary of the Confederation of Employee Organisations, will take effect from the end of December.

The confederation will advertise for a general secretary, but does intend to say nothing more about the matter until after its council meeting on November 7.

The confederation represents about 50 organisations, including insurance staff associations, the British Aerospace Staff Association, some industrial managers and a wide range of white-collar staff unions in individual manufacturing companies.

## Ulster warders drop ban on readmission

By Our Belfast Correspondent

ULSTER WARDERS called off their industrial action yesterday after intervention by Mr Don Concannon, Minister of State responsible for prisons in Northern Ireland.

He agreed to meet local officials of the Prison Officers' Association this week about their claim for a £2 increase in a special daily allowance of £3.

They dropped a ban on readmission of prisoners released to appear in courts. This was only hours before 130 of these were due to be remanded in custody.

Passengers and freight services from Larne may be hit on Saturday if 40 dockers carry out a threat to strike over delay on a productivity pact.

## Left keen to win AUEW poll

BY PHILIP BASSETT, LABOUR STAFF

LEFT-WINGERS in the Amalgamated Union of Engineering Workers, Britain's second-largest union, are expected to mount a strong campaign to get their candidate elected to the vital London executive seat and to prevent complete dominance of the union by the Right-wing.

First-round ballot results for both the London and Home Counties seat and the Manchester and Midlands seat—formerly held by Mr. Terry Duffy, the new Right-wing president of the union, show the Right well placed to complete its resurgence within the union.

At present the Right holds four seats on the seven-strong executive with one seat vacant because of the recent death of Mr. Bill John and two seats under contest.

The first ballot for the London and Home Counties seat—now occupied by Mr. Reg Birch, who retires in June—gave the lead to Right-winger Mr. Jack Whyman, divisional organiser for the northern Home Counties, with 10,028 votes. The Left-wing candidate, Mr. Len Choulerton, polled 9,898. Both go to a second ballot.

Mr. Roy Fraser, leader of the Leyland toolmakers, won 5,380 votes. The re-distribution of these votes in the next ballot is expected to tip the balance for the seat.

Mr. Fraser's vote indicates the strength of support for a candidate backed by neither Left nor Right union machine.

The Left see the London seat, which has traditionally been its preserve, as its only real chance of maintaining a voice on the union's controlling executive.

The first ballot in a six-man fight for Mr. Duffy's former seat gave the lead to Left-winger Mr. John Tocher, Manchester divisional organiser, with 13,113 votes.

Mr. Ken Cure, Right-wing Birmingham East district secretary, will fight the second ballot with Mr. Tocher and seems favourite to win. His own 7,789 votes are expected to be boosted by the votes cast in the first ballot for two other Right-wing candidates, Mr Bill Jordan (7,090) and Mr. Alfred Cotton (5,433).

Mr. John Weakley, Llanelli district secretary, who becomes the union's regional officer for Wales and the South West after polling 16,537 votes in a second ballot to 12,747 for Mr. George Neal, now seems favourite to succeed Mr. Bill John in the Wales and South West executive seat.

Mr. Ted Hepple retained his national organiser's post with 130,214 votes against Left-winger Mr. Ron Halverson's 82,583.

Two left-wingers will fight a second ballot for a London assistant divisional organiser's post. In the first ballot Mr. William Taylor had 4,456 votes with Mr. Sid Harraway, a leading shop steward at Ford's Dagenham plant, polling 3,778.

CBI QUARTERLY INDUSTRIAL TRENDS SURVEY

# Confidence improves but price remains a handicap

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A GRADUAL although patchy improvement in business confidence in manufacturing industry was reported yesterday by the Confederation of British Industry. It is heavily qualified by deteriorating price competitiveness and weak order trends.

The report is based on the confederation's quarterly industrial trends survey among nearly 2,000 manufacturing companies during the first half of October, when difficulties were mounting over the Government's 5 per cent pay limit.

The survey shows that optimism about business in general has improved modestly. Working below capacity has become less widespread than in recent surveys, although it still affects three fifths of companies.

Trends in total new orders and of output are not strong yet and unit costs are continuing to rise. Price competitiveness has deteriorated, but competitiveness about export prospects has improved slightly.

Employment shows no general sign of a rising trend, although shortages of skilled labour are being reported more frequently.

Smaller companies seem generally more optimistic about the future than large ones and have submitted better returns to the confederation on matters such as employment intentions, company liquidity and capacity working.

On balance, the confederation concludes that the prospects for continued growth in manufacturing investment are still good across the industry.

The improvement in optimism about business in general is slightly stronger than has been reported in surveys for the past 18 months but, by past standards, is still far from widespread. A fifth of companies are more optimistic than four months ago and 14 per cent less optimistic.

The greatest optimism is among companies employing fewer than 500 workers, and in specific areas of manufacturing industry such as companies making consumer goods, paper and printing products, and textiles. Metal manufacturing concerns are less optimistic.

Smaller companies, producers of consumer goods, and printing and publishing businesses also stand out among those reporting increased new orders. However, there has been no marked acceleration in new orders generally and the confederation concludes that the total picture remains "uninspiring."

Working below capacity is relatively widespread among the largest companies, employing more than 5,000 people. The number is above the average for the past 20 years, but better than in the past four years.

Output volume has risen during the past four months for 23 per cent of respondents but fallen for 18 per cent. Raw materials stocks have changed little, although stocks of finished goods have been reduced somewhat and work in progress shows a slight upward trend.

Of the factors that are likely to limit output over the next four months, shortages of orders or sales remain by far the most widespread, affecting 71 per cent of companies. Although still high by previous standards, that is a lower figure than has been typical in the past four years.

The other main factor is shortage of skilled labour, which 27 per cent of the respondents cited. That shows that the shortage is more widespread than at any time in the past four years. It is also more serious than one would have expected, judging from past economic cycles.

Shortages are being experienced in various parts of manufacturing industry, especially in mechanical and instrument engineering, electronic goods, vehicles, and some parts of textiles. It is being found across the country, although the most serious reports have been made from the South-East and the West Midlands.

There are few shortages of unskilled labour, however, and only 5 per cent of companies in the survey mentioned that as a constraint to output. Slightly more than a fifth of engineers' small tools businesses said it was causing difficulty.

Although skilled labour is short, the level of employment in manufacturing industry shows no sign of increasing. A balance of 14 per cent of respondents reported a fall rather than a rise in numbers employed since June. A balance of 12 per cent expected less employment during the next four months.

"On the basis of the past relationship between this data and official statistics of manufacturing employment we would, very broadly, expect little change in the latter during the second half of 1978 and the first months of 1979," the confederation says.

The trend towards less employment has been widest among the largest companies and among those producing intermediate goods and metal products. Concerns employing up to 200 workers have returned the most optimistic forecasts for the next four months.

Turning to costs and output, the survey shows that 58 per cent of companies have experienced increases in average costs for each unit of output in the past four months. That is roughly the same as in the past two quarterly surveys and prompts the confederation to comment: "Cost inflation may have stabilised this year, but at a rate which remains high by the standards of, say, the 1960s."

Optimism about export prospects for next year has improved slightly compared with earlier this year but remains far from strong. Confidence is strongest among companies dealing in food, drink, tobacco, and textiles and is relatively weak among producers of capital goods.

A few companies report a fall in new export orders received over the past four months, and export order books are below normal for roughly a third of the participants and above normal for only 15 per cent.

Prices at which export orders are booked are continuing to rise, and the percentage of respondents expecting prices to limit new orders being secured has returned to the peak levels recorded in the first half of this year.

"Lack of price competitiveness is widespread, limiting the exports of at least six out of ten firms in 29 of the 44 detailed industry groups for which results are provided," the confederation says.

A six-monthly survey of corporate liquidity suggests that net liquidity in manufacturing industry as a whole is much as it was a year ago, although there has been a relatively widespread improvement among the smaller companies and producers of consumer goods. There has, however, been a marked deterioration among the largest compaines.

Investment intentions continue to accord largely with the experience of previous business cycles. "If past relationships between our figures and official statistics hold, and if the industrial climate does not disappoint, next year will see an increase of 5 to 10 per cent in the volume of private manufacturing investment," the confederation says.

"This follows an increase of about 13 per cent in 1977 and of (we expect) about 10-15 per cent this year—implying an increase of just under 40 per cent in three years."

*CBI Industrial Trends Survey, October 1978, No 70 Full Results. Annual subscription £50 (CBI members £20), 21 Tothill Street, London SW1*

**'Shortages of orders or sales affect 71 per cent of respondents. They form the most widespread factor that is likely to limit output over the next four months.'**

**'Lack of price competitiveness is affecting the export orders of just about as many companies now as at any time in the 14 years that we have been measuring it in the survey.'**

The confederation says: "A worrying feature of this survey's results is the worsening in price competitiveness as a constraint to exports.

"Lack of price competitiveness is affecting the export orders of just about as many companies now as at any time in the 14 years that we have been measuring it in the survey. And if manufacturing industry is having difficulty in competing in export markets, then it is likely to be facing similar difficulties in the home market."

The need to curb increases in labour costs is therefore paramount, the confederation declares. Pay settlements must be agreed at "more reasonable" levels and be accompanied by better productivity.

## Export trade

Firms completing these questions have direct exports exceeding £10,000 per annum. Number of respondents 1391.

| | More | Same | Less | N/A |
|---|---|---|---|---|
| Are you more or less optimistic about your export prospects for the next 12 months than you were four months ago | 23 (23) | 60 (57) | 16 (20) | 1 (1) |

Excluding seasonal variations, do you consider that in volume terms:

| | Above normal | Normal | Below normal | N/A |
|---|---|---|---|---|
| (a) Your present export order book is | 15 (18) | 48 (39) | 34 (40) | 3 (3) |

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

| | Trend over past four months Up | Same | Down | N/A | Expected trend over next four months Up | Same | Down | N/A |
|---|---|---|---|---|---|---|---|---|
| Volume of total new export orders | 24 (26) | 46 (47) | 27 (26) | 4 (2) | 31 (26) | 53 (62) | 12 (10) | 4 (2) |
| Volume of export deliveries | 23 (27) | 54 (50) | 21 (22) | 2 (1) | 33 (29) | 51 (57) | 13 (13) | 2 (1) |
| Average prices at which export orders are booked | 34 (38) | 58 (54) | 7 (6) | 1 (1) | 45 (45) | 47 (50) | 6 (4) | 1 (1) |

What factors are likely to limit your ability to obtain export orders over the next four months:

| Prices (compared with overseas competitors) | Delivery dates | Credit or finance | Quota and import licence restrictions | Political or economic conditions abroad | Other |
|---|---|---|---|---|---|
| 65 (57) | 20 (18) | 7 (7) | 17 (17) | 38 (36) | 13 (13) |

## General replies

TOTAL TRADE—1955 respondents. All figures are percentages on a weighted sample. Figures in parentheses show the response to the survey carried out last August.

| | More | Same | Less |
|---|---|---|---|
| Are you more, or less, optimistic than you were four months ago about the general business situation in your industry | 20 (16) | 66 (68) | 14 (16) |

| Do you expect to authorise more or less capital expenditure in the next 12 months than you authorised in the past 12 months on: | More | Same | Less | N/A |
|---|---|---|---|---|
| (a) Buildings | 18 (18) | 42 (37) | 29 (33) | 10 (11) |
| (b) Plant and machinery | 32 (38) | 44 (36) | 22 (25) | 2 (1) |

| | Yes | No | N/A |
|---|---|---|---|
| Is your present level of output below capacity (i.e. are you working below a satisfactory full rate of operation) | 60 (64) | 38 (35) | 1 (1) |

Excluding seasonal variations, do you consider that in volume terms

| | Above normal | Normal | Below normal | N/A |
|---|---|---|---|---|
| (a) Your present total order book is | 16 (13) | 47 (43) | 35 (42) | 2 (2) |

| | More than Adequate | Adequate | Less than Adequate | N/A |
|---|---|---|---|---|
| (b) Your present stocks of finished goods are | 18 (19) | 59 (59) | 10 (9) | 13 (14) |

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

| | Trend over past four months Up | Same | Down | N/A | Expected trend over next four months Up | Same | Down | N/A |
|---|---|---|---|---|---|---|---|---|
| Numbers employed | 18 (18) | 49 (49) | 32 (33) | — (—) | 16 (14) | 56 (61) | 28 (25) | — (—) |
| Volume of total new orders | 28 (26) | 44 (45) | 26 (27) | 2 (2) | 28 (28) | 58 (58) | 12 (13) | 2 (2) |
| of which: Domestic orders | 25 (26) | 50 (48) | 22 (25) | 2 (2) | 24 (24) | 64 (63) | 10 (11) | 2 (2) |
| Volume of output | 23 (21) | 59 (60) | 18 (19) | 1 (—) | 29 (27) | 62 (63) | 7 (10) | 1 (—) |
| Volume of domestic deliveries | 26 (25) | 52 (54) | 21 (20) | 1 (1) | 29 (26) | 59 (63) | 11 (11) | 1 (1) |
| Stocks of: (a) Raw materials and brought in supplies | 18 (20) | 62 (59) | 18 (20) | 2 (1) | 15 (13) | 66 (70) | 16 (16) | 3 (2) |
| (b) Work in progress | 18 (18) | 60 (61) | 15 (14) | 6 (6) | 15 (12) | 66 (67) | 13 (15) | 6 (6) |
| (c) Finished goods | 15 (24) | 50 (46) | 23 (17) | 13 (13) | 14 (12) | 55 (58) | 18 (17) | 13 (13) |
| Average costs per unit of output | 61 (60) | 35 (38) | 3 (2) | 1 (1) | 67 (64) | 29 (35) | 2 (2) | 1 (1) |
| Average prices at which: Domestic orders are booked | 44 (44) | 51 (52) | 1 (3) | 1 (1) | 55 (56) | 43 (41) | 1 (2) | 1 (1) |

Approximately how many months' production is accounted for by your present order book or production schedule:

| Less than 1 | 1-3 | 4-6 | 7-9 | 10-12 | 13-18 | More than 18 | N/A |
|---|---|---|---|---|---|---|---|
| 11 (13) | 44 (45) | 15 (15) | 6 (5) | 2 (1) | 3 (2) | 1 (1) | 18 (17) |

What factors are likely to limit your output over the next four months:

| Orders or sales | Skilled labour | Other labour | Plant capacity | Credit or finance | Materials or components | Other |
|---|---|---|---|---|---|---|
| 71 (77) | 27 (22) | 5 (4) | 13 (10) | 2 (2) | 6 (5) | 6 (4) |

Factors likely to limit your capital expenditure authorisations on buildings, plant and machinery over the next 12 months:

| | |
|---|---|
| (a) I have adequate capacity to meet expected demand | 77 (75 |
| (b) Although I have adequate capacity, I have also capital investment opportunities which would be profitable at the present cost of finance, but I shall not be undertaking some of them for the following reasons: | |
| (i) Shortages of internal finance | 5 (6 |
| (ii) Inability to raise external finance | 1 (2 |
| (iii) Shortage of managerial and technical staff | 4 (3 |
| (iv) Shortage of labour | 2 (2 |
| (v) Other | 1 (1 |
| (c) My capacity is not adequate to meet expected demand but I do not intend increasing my capacity. This is for the following reasons | 3 (3 |
| (i) Not profitable because of the cost of finance | — (— |
| (ii) Shortage of internal finance | 1 (1 |
| (iii) Inability to raise external finance | — (— |
| (iv) Shortage of managerial and technical staff | 1 (— |
| (v) Shortage of labour | 1 (— |
| (vi) Other | 2 (2 |
| (d) None of the above is applicable | 19 (21 |

## Channel-link initiative

THE GREATER London Council is initiating a fresh push for a Channel link, either by bridge or tunnel.

The council will be host to technical and political experts, and representatives of regional, transport and industrial interests, at a seminar at County Hall on November 9.

Mr. Richard Burke, the EEC Commissioner for Transport, and Sir Brandon Rhys Williams of the British delegation to the European Parliament, will be among the speakers.

Mr. Horace Cutler, Greater London Council leader, said: "Britain and London have much to gain from the prosperity this vital gateway can provide. But we must be practical enthusiasts. That is why the GLC wants to show its whole-hearted support by bringing Europe's best minds together to tackle the Channel challenge."

APPOINTMENTS

# Executive posts at Williams & Glyn's

Mr. Norman Quick and Mr. Adam Thomson have been appointed directors of WILLIAMS AND GLYN'S BANK. Mr. Quick is chairman and managing director, H. and J. Quick Group, and Mr. Thomson is chairman, British Caledonian Airways. Mr. Maurice Davenport, at present comptroller and divisional director, has been made an executive director of the bank.

★

Mr. S. W. Livesey has been appointed chairman of Plantation Holdings following the resignation of Sir Kenneth Cork, who is to be the next Lord Mayor of London. Sir Kenneth will remain a consultant to the company in an honorary capacity.

★

Sir Charles Curran has joined the Board of the NATIONWIDE BUILDING SOCIETY. He is managing director of Visnews and was director general of the BBC from 1969 to 1977.

★

Mr. E. J. Sudin has been appointed a director of AMALGAMATED TIN MINES OF NIGERIA (HOLDINGS). He is chairman of Malaysia Mining Corporation.

Lord Shuttleworth, a partner in Burton Barnes and Vigers, has been appointed to the board of the BURNLEY BUILDING SOCIETY.

★

Lt. Cdr. G. C. Collins will be elected a director and chairman designate of SOUTH WESTERN APPLICATIONS.

★

Mr. J. G. Harris has been appointed to the Board of SAMUEL MONTAGU AND CO.

★

Mr. John Yates, the Guardian-Gazette Group Editor, has been appointed to the board of LONDON AND ESSEX GUARDIAN NEWSPAPERS.

★

Ing. C. Olivetti and C., SpA, has appointed Mr. Ettore Lolli as chairman of BRITISH OLIVETTI. He replaces Mr. G. Fei, who takes charge of the group's operations in Japan. Mr. Lolli is a member of the Olivetti parent board in Italy.

★

Mr. H. Bradbury, at present deputy investment manager (property) of the CO-OPERATIVE INSURANCE SOCIETY, is to be investment manager (property) from February 12. At the same time Mr. S. F. Wood, who is deputy investment manager (Stock Exchange), will become investment manager (Stock Exchange).

★

Mr. A. P. Hichens has been appointed a non-executive director of PYE HOLDINGS. He is financial director of Redland.

★

Mr. Richard A. Bohee has been appointed to the Board of EXTEL STATISTICAL SERVICES as director responsible to the managing director for production matters. He joined Stats eight years ago and became joint production manager.

★

The Secretary for Prices has appointed Mrs. A. Lapping as a member of the NATIONAL GAS CONSUMERS' COUNCIL until June 30, 1981.

★

Mr. Ralph Mansfield has been appointed chairman of HATCH MANSFIELD AND CO in place of Mr. Owen Hunt, who has retired. Mr. Mansfield continues as managing director. Mr. Harry Van Daesdonk, managing director of Grants of St. James's has been appointed to the Board of Hatch Mansfield.

★

Mr. Jack Boden has been appointed managing director of BULLDOG TOOLS, succeeding Mr. Tony Blythe who continues as divisional managing director of the Dobson Park Engineering Division (Northern). The company is a member of the Dobson Park Industries Group and Mr. Boden moves from Dobson Park Group Services where he was group management accountant.

★

Mr. John Danks has been appointed sales director for JOHN DAVIDSON (HOLDINGS) and continues to be responsible for the pipes divisions sales personnel.

★

Mr. Peter Brewis, chief executive of the aviation division of Alexander Howden Insurance Brokers, has also been appointed to the board of SOUTHEASTERN AVIATION UNDERWRITERS, a subsidiary of Alexander Howden Group.

## Three new directors for Rothschild

Baron Eric de Rothschild, Mr. John Birkelund and Mr. Gilbert de Botton have joined the Board of N. M. ROTHSCHILD AND SONS as non-executive directors.

★

Mr. V. E. G. Tagliavini has relinquished his position as group chief executive of NSS NEWSAGENTS. Succeeding him is Mr. R. G. Schweitzer. Mr. Tagliavini, on his retirement from full-time duties, will remain on the board and become deputy chairman of the group.

★

CHEM SYSTEMS has made the following appointments: Dr. Martin Sherwin, formerly vice-president, research and development at Chem Systems Research Centre, Fairfield, New Jersey, has been appointed managing director of the company's London consultancy operation. He succeeds Mr. M. J. Bennett who will be taking up a new position with the London office as vice-president with responsibility for the group's activities in Europe.

★

Mr. J. A. Cave has been appointed chairman of GRIFFIN FACTORS, the company responsible for factoring services in the Midland Bank Group. He is succeeding Mr. R. O. Barker, who has retired from the bank. Mr Cave, who is a director of Midland Bank, is also chairman of Midland Bank Finance Corporation and of Forward Trust and Midland Montagu Leasing.

★

Mr. George M. Bannerman has been appointed managing director of COMPOWER, the National Coal Board's computer bureau subsidiary. He was previously deputy managing director and replaces Mr. Bob Hitchcock, who has become managing director of NCB (Ancillaries).

★

Mr. Bernard Norman has been appointed managing director of THOMAS COOK LIMITED. Mr. Alan Kennedy, who recently became managing director travel operations, of the Thomas Cook Group, remains on the Board of Thomas Cook Limited.

★

Mr. K. G. Kitching has retired from the CAPPER-NEILL board but remains a consultant.

★

Professor Reginald Coates, Professor of Civil Engineering at the University of Nottingham is to become the new president of the INSTITUTION OF CIVIL ENGINEERS on November 7 for the 1978-79 session.

When you forget to turn the lights off on most cars, they have a sure way of reminding you.

They don't start the following day.

Now for their latest 200 series Volvo have found a much kinder way.

If you haven't switched off, a buzzer goes as you leave the car. (It also buzzes if you forget the ignition key.)

At Volvo, we know you're only human. You don't have eyes in the back of your head, so when a bulb goes out where you can't see it, a bulb lights up on the dash where you can.

Your back wasn't designed for 300 miles on a motorway.

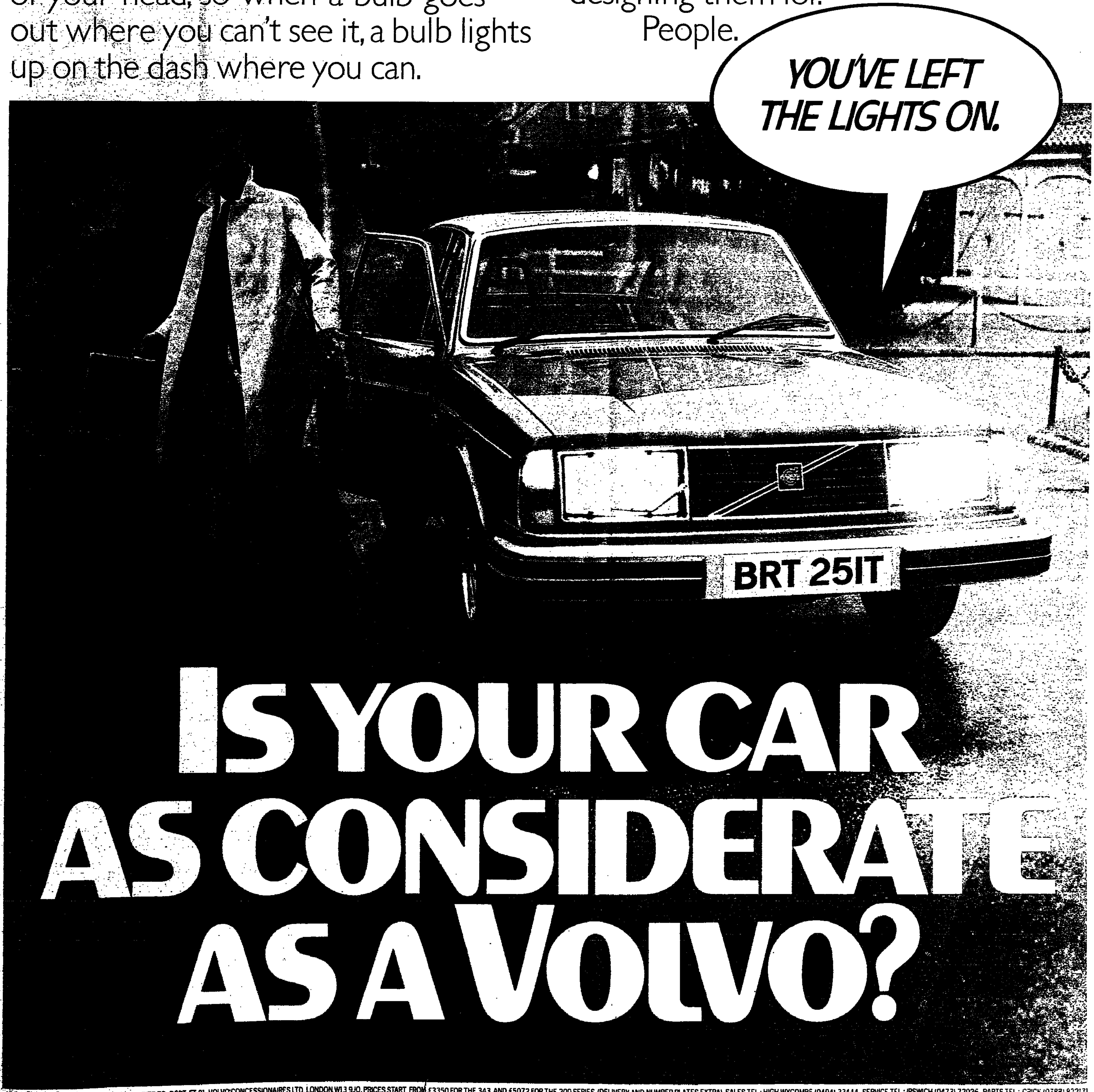
So we built a seat that was.

It has an adjustable lumbar control that gives you the support nature didn't provide.

The 1979 big Volvos even have washer/wipers on the headlights, so even in bad weather you're beaming.

The fact is, the people who design Volvos never forget who they're designing them for.

People.



FOR THE 1979 EDITION OF 'VOLVO FACTS' WRITE TO: DEPT. FT 01, VOLVO CONCESSIONAIRES LTD, LONDON W13 9JQ. PRICES START FROM £3350 FOR THE 343 AND £5072 FOR THE 200 SERIES (DELIVERY AND NUMBER PLATES EXTRA). SALES TEL: HIGH WYCOMBE (0494) 33444 SERVICE TEL: IPSWICH (0473) 72026. PARTS TEL: CRICK (0788) 822121.

# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● CONSERVATION

## Air-driven aerosol is no threat

WHILE THE controversy concerning the effects on the earth's ozone layer of aerosol propellants continues and legislation is being prepared in a number of countries to ban the use of fluorocarbon based materials, among others, inventors are coming up with a number of ideas which could be the salvation of companies that have invested considerable amounts of money in the construction of plant for aerosol can manufacture and filling.

From Belgium comes an idea to use compressed air as the propellant and the interesting thing about this development and the can that it requires is that conventional aerosol filling units can be used. Furthermore, all the active material in the container can be used up, following which pressure inside the aerosol unit can be reduced to atmospheric, thus avoiding any risk of explosion should the can be burned. No pumping action is involved.

The developers say that their patented unit will contain considerably more active product, size for size, and that the sprays obtained are as finely divided as with conventional propellant-driven aerosols. It is also applicable to the full range of products already packaged and offered for sale in this form, including hair lacquers.

It is understond that discussions on the system have already been held with Reckitt-Colman and Foseco Minsep.

Further details from Commercial Section, Belgian Embassy, 103 Eaton Square, London SW1. 01-235 5422.

## Recycling of waste

COLLECTION AND recycling of waste materials, increasingly important as fuel costs rise and resources are depleted, has always run up against the stumbling block of the cost of assembling the various waste materials as they arise in plants or on domestic premises, and of transporting worthwhile amounts of products for recycling to plants serving large areas.

An Austrian-evolved system is being adopted by OECD for use in its area and involving up to 2,000 companies, acting as suppliers and/or inquirers.

Inevitably, because of the large number of companies and inquiries involved, the system relies on a computer-controlled data exchange. It is working effectively and dealings in several important types of industrial wastes are building up rapidly, particularly between the German Federal Republic, Italy, Switzerland and Austria.

Austria's own scrap materials recovery programme is working efficiently—which is not the case in many other countries—and in some cases, such as that of waste lubricants, demand has far outstripped supplies.

The emphasis throughout has been to take bureaucracy out of the system. Waste Exchange staff limiting their involvement to establishing contact between supplier and user. An additional function of the main centre in Linz, which looks after over-supply from region to region, is to dispose of such wastes as have to be destroyed, either because they are too heavily contaminated for recycling or because they are too dangerous.

There are some 29 categories of waste with up to 20 subdivisions within categories. The classification has been effectively laid down and could provide the basis for a complete international scheme.

Austrian Commercial Delegation, 1, Hyde Park Gate, London, SW7 5ER. 01-584 6218.

● PROCESSING

## Metal on plastics

SATIS VACUUM of Zurich has appointed Engelmann and Buckham to market its range of metallising machines in Britain.

The continuous vacuum plants (ULP 700, 1000, 1200 and 1500) for the production of metallised web material are aimed at satisfying new needs in the decorative and functional packaging field, as well as for specific products which include stamping foils, solar control films, capacitors, automobile accessories, sunglasses, etc.

Common substrate materials for vacuum metallising are polyester, polypropylene, pvc and polycarbonate in several foil thicknesses. The standard Satis metallising units are designed for handling web widths of 650, 800 and 1000 mm. The maximum process speed is 360 metres/min.

Engelmann and Buckham, William Curtis House, Alton, Hampshire GU34 1HH. 0420 82421.

● COMPONENTS

## Memory is good

VERMONT RESEARCH is quoting a mean time between failures figure of 15,000 hours on its model 4016 head per track memory unit and is experiencing figures in excess of 19,000 hours, the company reports.

Having a capacity of 38 megabits and an access time of 8.5 milliseconds, the magnetic drum unit is ideally suited for process control and message switching applications. The unit can be supplied with a 48v dc power supply to enable its direct use in dc-powered telephone exchanges. Controllers for various mini-computers are available.

Vermont Research, Cleeve Road, Leatherhead, Surrey KT22 7NB. Leatherhead 76221.

## Simplifies manufacture

IDENTIFYING THE considerable growth in the visual display unit (VDU) market, Thorn Radio Valves and Tubes has decided to offer a simplified method of manufacture for the VDU makers in the form of a modular kit.

Robust and reliable thick film modules provide the basic circuit functions and at about matchbox size there is one each for video amplification, synch processing/drive generation, output stage field scanning, and line scanning output. Wound components and other specialised items in the kit have been selected to match the high performance "Brimar" cathode ray tubes that the company makes.

Thorn claims that the kit idea leads to simplification of components procurement and reduced assembly times. The modular solution also speeds up the learning process for new assembly operators.

The company selects and pre-tests all the items so that a consistently high level of performance is obtained that would not otherwise be readily available. More from the company at Mollison Avenue, Brimsdown, Enfield, Middlesex EN3 7NS (01-804 1201).

## Opens up the doors

A DESIGN of powered door opening equipment which can be used with overhead, sliding, swing, vertical sliding, folding and roller-type doors and gates has been developed by Landert Motoren AG in Switzerland and is available from Langley (ADL) of 14 Magdalen Street, London, SE1 2EW (01-407 6271).

A powerful three phase AC geared motor complete with integral limit switches drives a shaft which is connected to activating arms that are available in various forms to give almost limitless combinations of door actuation.

The equipment is available in four basic sizes with output torques ranging from 7.25 to 580 ft lb. A two speed system can be provided that will prevent slamming.

● NORTH SEA OIL

## Plug of ice speeds pipe repairs

THE FIRST pipe freezing operation to be carried out on a North Sea offshore oil production platform has been completed by BCB Pipe Freezing Services. Hailed as a major step forward in the application of this technology, the process was carried out for Shell UK Exploration and Production (Shell Expro).

The freeze was carried out on the Shell/Esso Dunlin Alpha platform 300 miles offshore from Aberdeen. At a depth of 81 metres, the work was carried out in dry conditions within one of the platform's legs and the operation had to be integrated into a programme of work on an incoming main oil riser which was undergoing repair.

The decision to use the pipe freezing technique to plug a main oil riser forming part of the pipeline linking Dunlin Alpha with the Thistle field platforms was made by Shell Expro engineers who considered it to be the most practical method of achieving pipeline isolation.

Shell's problem was that the main oil riser, within one of the platform legs, had to be disconnected so that a steel "spade" could be inserted between the flanges of a 16 inch diameter in-line ball valve that was connected to another outgoing pipeline linking Dunlin with the Cormorant field.

The pipe freezing technique used for this operation called for a specially designed, triple-skin, aluminium jacket. Temperature sensors positioned in the inner jacket enabled constant temperature monitoring during the freeze which involved a controlled temperature reduction of 8 deg. C per hour.

Working in the leg of Dunlin Alpha and in constant radio contact with Shell Expro engineers, the BCB pipe freezing team completed the operation within 24 hours. The integrity of the 4 ft. long ice plug was then proved before work commenced on the removal and reinsertion of the steel spade (sea water pressure acting on the ice plug was 150 lb/in²).

Once the spade was bolted into position, the freezing jacket was removed from the pipe and the ice plug left to thaw. Subsequent metallurgical examination confirmed that the application of the freeze had in no way affected the main oil riser pipeline.

Bulk supply of liquid nitrogen and frozen carbon dioxide for the Shell project was organised by BCB through BOC's Cryospeed Service and the Distillers Co. Success of this operation will, it is believed, encourage use of this technique in other areas of activity involving pipelines, especially when it is essential for safety reasons for very accurate control of temperature.

BCB Pipe Freezing Services' headquarters are at 2a Boswell Road, Thornton Heath, Croydon, Surrey (689 6911).

This is the triple-skinned aluminium jacket used to enclose part of the 16-inch diameter oil riser on the Dunlin Alpha platform. The portion enclosed was frozen to isolate the riser from the rest of the pipeline system and enabled repairs to be carried out with the minimum of interference with day-to-day operations.

● IN THE OFFICE

## Delicate material copied

WREN AUDIO-VISUAL is offering a colour microfiche service in jacket form. In this 98 colour images are placed in a transparent jacket fiche the size of a postcard, which can be viewed on most commercial readers having a 24 x lens.

Any material, including flat artwork or transparencies, can be put on colour microfiche. A unique aspect of this service is that the camera used is portable and can be easily carried to the customer's premises. This means that valuable material does not have to be removed to a studio for photographing.

Copies can be made from the master fiche, and where long runs are required 98 images cost the same as a single duplicated 35 mm slide.

Because of the high resolution attainable on colour microfiche, this service will be particularly valuable to the archivist who needs to preserve paintings and manuscripts: the librarian who wants to provide rapid picture selection and retrieval for searches; the publisher who requires colour illustrations but who can no longer afford to print them and the manufacturer who wishes to send samples of his colour catalogues to other parts of the world.

Further details from Wren Audio-Visual, 30, The Spinney, Beaconsfield, Bucks. HP9 1SB. Beaconsfield 5202.

## Desk-top copier

FOR BUSINESSES with copying requirements in the 1,000 to 5,000 copies per month range. 3M United Kingdom has introduced the model 830 dry toner machine, to be directly marketed by the company's own sales force.

The machine needs no warming up and produces its first A4 copy in six seconds and subsequent copies at ten per minute.

Able to produce quality reproductions from most kinds of written or printed material, the machine makes use of the company's Magne-dry cool pressure bonding process.

Roll fed for easy loading, the 830 has automatic count down from 20 copies and there is also an adjustable guillotine guide for economical cutting to size.

More from 3M United Kingdom, P.O. Box 1, Bracknell, Berkshire RG12 1JU (0344 25726).

## Supervising the word processors

TWO WORD management systems designed to help supervisors measure performance and improve productivity of word processing centres have come from Dictaphone Corporation.

One of the systems, Master Mind, is a software-based unit for word processing installations containing up to 16 recorders. Its display terminal provides complete information on the status of up to 2.00 active dictation and transcription jobs in the centre. A disc memory offers a permanent, unlimited archive of all completed work. A companion report printer provides detailed daily, weekly or monthly summaries of input and output activity.

The other system, Time Master, is a microcomputer system for word processing centres with up to four central dictation recorders. It has a desk top keyboard with an alphanumeric display, a computer control unit and a thermal printer that automatically produces summary reports of all activity in the centre.

Dictaphone Corp., 120, Old Port Road, Rye, New York 10580, U.S.

● CONSTRUCTION

## Shutter aids bridge work

IN A major four-level inte change project on the M8 exte sion (which will take traff through the centre of Glasgo to link with the M27) Ceme tation Construction is using structural steel-faced shutt designed and fabricated Rapid Metal Developmen Stubbers Green Road, Aldridg Walsall WS9 (Aldridge 53366).

The 27-metre-high shutter one of the highest manufactur by the company (a member the Douglas Group). It is bei used to form 27 columns different heights to support 328-metre-long bridge, rising metres above the Edinburg Glasgow-Stirling M8 motorway.

The shutter has ten horizon bolted joints and incorpora eight access platforms comple with safety ladders and han railing. Each platform supported by 12 outrigg members, and ladders conne one level to another.

● TRANSPORT

## Truck for all seasons

INITIALLY developed for mi tary purposes and now offer for construction, public wor agricultural and forestry secto is an eight-wheel amphibious a terrain vehicle from Sabote Vehicle Company of Andov Hants. It is to be exclusive marketed by Terranger Truc Vernham Dean, Andover.

The vehicle can be adapted fill many different roles by ad ing purpose-designed equipme

It has a road speed of 50 mil per hour, cross-country spe of up to 30 miles per hou weighs 1,100 lbs, yet has a pa load capacity of 2,000 lbs. T road/cross-country tyres give t truck a low ground bear pressure of 3 psi.

The vehicle can turn within own radius on land, and has speed of 10 miles an hour water.

● SERVICES

## Sales help in the U.S.

UNITED Kingdom and oth European countries might interested in a new service be offered by the San Francis consultancy Gene Selven Associates.

This company at the mom is providing a similar service U.S comanies operating Europe.

It has the ability to orga product representation, distri tion and outlets in the U together with the scheduling advertising and sales promoti activity.

More from the company 10050 North Wolfe Road, SW Suite 300, Cupertino, Califor 95014.

# The Management Page

EDITED BY CHRISTOPHER LORENZ

## Awards for business innovation

BUDDING entrepreneurs in Britain, France and Germany are being presented with an opportunity to win an award which would provide them with around £100,000 of funding, on normal commercial terms, with which to develop their own business.

The competition is for the European "Company of the Year" and involves three financing organisations — Development Capital, in the UK, Sofinnova S.A., in France, and Deutsche Wagnisfinanzierungs-Gesellschaft, in Germany.

The launch of the competition will also take place on two television networks. In the UK it will be on BBC2's The Money Programme, on November 8, while in France Antenne 2 Television is involved.

### Special

In the first round of the two-part competition—which will be held simultaneously in the three countries involved—an award of around £100,000 will go to each national winner which is judged to be potentially the most profitable business, or plan for a business. If appropriate, there will also be awards to runners-up.

In the second part, the national winners will be assessed by a panel of judges and the overall winner will receive a special prize, which has yet to be disclosed.

With the national award schemes, assessments will be done by the national financing organisation concerned. Thus, Development Capital, which is an associate of Small Business Capital Fund and Development Capital Investments, will judge the UK entries.

Mr. Hugh Armstrong, managing director of Development Capital, feels the award scheme will enable a "fascinating insight" to be gained into the problems of small business in Europe as a result of the comparisons to be made on television. He feels the British and European entrepreneurs must be "similar" animals and "it will be both revealing and interesting to chart the different methods and the opportunities."

Entries for the competition, details of which will be in the November 2 issue of Radio Times, will be accepted up to December 28.

## Standing on the threshold of a revolution in company law

**THE Queen's Speech today is expected to include an announcement of the introduction of a Companies Bill in the current session of Parliament.**

**Industry has had the advantage of having already seen some proposals published in draft form, although the details attracted little attention at the time since it was felt that legislation was far from imminent.**

**Now, legislation is very much a reality and Michael Renshall makes it clear in this article that the biggest changes in corporate law for more than 30 years will be involved.**

IT HAS been said that British company law has flourished under a kind of benign neglect. But that is about to change. Exceptionally, company law is receiving legislative priority. It will produce the biggest changes in British corporate legislation for more than 30 years. The Companies Bill which is about to be presented to Parliament is no more than the precursor of a series of new measures which will be introduced over the next five to ten years and which will fundamentally reshape our company law. All companies, large and small, will feel the effects.

The changes we are about to see are profound. They mark the end of what may be termed the comfortable tradition of British company law and the introduction of a far more prescriptive and tightly administered system. The new thrust is clearly indicated in the draft Bill contained in the Government White Paper "Changes in Company Law" published in July. It is this Bill, or something very close to it, which we can expect to see presented to Parliament very shortly. So far it has attracted attention mainly for its contentious provisions on insider trading—the improper use of inside information to profit from share transactions.

But the insider trading clauses form only one part of the Bill; if they are ignored, there remains far more of significance than has generally been realised. The Bill's main contents, and its implications for the administration of companies, have attracted insufficient notice. Its innovations include a wholly new class of company (investment companies) with special rules; stricter rules to govern the distribution of profits and tighter regulations of interim dividends; the duties of directors will for the first time be statutorily defined, and significantly enhanced rights of redress for individual members of a company who have been unfairly prejudiced, will be enacted.

The introduction of the designation "p.l.c." in place of the familiar "Ltd." for public limited companies is the most visible change proposed in the Bill. But in fact the differences between public and private companies will be profound in principle.

As now, only a public company will be empowered to seek finance from the public. But in future public companies will pay a far sterner administrative price for this privilege than they do now. On the other hand, private companies, which at present have no significant advantages in easements compared with public companies, will in future be exempt from some of the stricter rules applicable to public companies. They will not, for instance, have to observe the minimum capital requirement (£50,000) nor the new rules governing the maintenance of capital, distribution of profits and loans to directors.

A major change will be the introduction of strict rules governing distributions. Hitherto statute law has been silent on the matter and the position has been governed by decided cases—unclear at best, and sometimes conflicting. The new rules are not without their complexities, but broadly they can be summed up by saying that the basic rule for all companies (public and private) will be that distributions may be made only out of retained realised profits after making good realised losses. (The Bill does not define "realised," and it is foreseeable that the interpretation of the term will create anxiety in some cases—for example, where it has been the practice to bring into account profits on long-term contracts on the precentage of completion basis). Public companies, however, will also have to make good unrealised capital losses in the determining the amount available for distribution. The Bill affirms an attitude of prudent conservatism in determining what is distributable, but not all companies will find it fits comfortably with their dividend policies.

Little comment has been aroused by the proposal that a public company may only pay a dividend if it has received an unqualified audit report. The distribution rules apply to any distribution, including interim dividends, so that a plea proposing to pay an interim dividend which, on the basis of the latest filed balance-sheet would appear to contravene the rules, will be prevented from doing so unless it prepares and files additional (or interim) audited accounts. These provisions will plainly present problems for companies with low or nil dividend cover whose practice is to pay interim dividends.

The Bill's definition of "unqualified audit report" does not appear to have the same meaning as the term generally accepted by auditors, and these provisions will need—and must surely recieve—careful review before enactment.

The fact that the Bill will introduce an entirely new class of company—the investment company—into British corporate law has roused little comment. Although the total number of companies potentially eligible is small—about 500—they could number as many as one in five of British listed companies, representing about 12.5 per cent of the total market value of UK listed securities.

An investment company is defined as a listed company whose business consists of investing its funds in securities, land or other assets with the aim of spreading its risks and giving its members the benefit of fund management.

In Britain the principal classes are obviously investment trusts and property investment companies. To qualify they will have to be certified by the Department of Trade.

The immediate distinction between investment and other types of public company is that different rules will apply for the purpose of computing distributable profits. Unlike other public companies, investment companies will not be required to take account of unrealised capital losses in determining profits available for distribution. However, an investment company may make a distribution only to the extent that the total value of its assets is equal to at least one and a half times its liabilities. Cases may be imagined (for instance a highly geared property investment company) where the latter rule would inhibit payment of a dividend for an investment company but not for an ordinary public company. It is by no means clear whether certification as an investment company will be compulsory or voluntary; if the latter, we may expect to see some careful weighing of options in many boardrooms.

It is already clear that the difference between investment companies and ordinary public companies will not be limited to the calculation of distributable profits. The differences may be expected to deepen progressively. The Bill gives the Secretary of State power to issue regulations for the conduct of the business of investment companies, and it would be idle to suppose that such powers will not be exercised. We may expect to see in time an array of regulations governing investment companies in the same way as there are bodies of regulations governing other financial institutions such as banks and insurance companies.

Certification as an investment company seems likely to offer a refuge against some of the more stringent accounting rules due to be enacted in the next two or three years under the provisions of the Fourth Directive on Company Accounts. For example, different lay-outs of accounts may be allowed, and the way has been paved to relieve investment companies of the requirements to provide for depreciation on fixed assets with a finite useful life and to charge provisions for permanent diminutions in value of fixed assets through the profit and loss account. In this way the law is intervening to resolve some of the difficulties which have arisen over the formulation of accounting standards as they apply to property investment companies.

A shift of social significance is the requirement that in performing their functions directors shall have regard to the interests of the company's employees generally, as well as to the interests of its shareholders. In practical terms no doubt directors already do this, but its crystallisation as a legal obligation may yet prove to be more than a mere matter of form. Substantial property transfers between a company and any of its directors will require approval by the company in general meeting and particulars of substantial contracts in which directors have an interest will in future have to be disclosed in the accounts (and thus be subject to audit) instead of the directors' report. The rules barring loans to directors will be extended to apply to connected persons—essentially, a spouse and infant children of a director and a company in which a director or his family have a more than one-fifth interest.

The general effect of the new provisions will be to render directors significantly more accountable in law both to shareholders and employees than was the case before. No doubt this is salutary and expresses the spirit of the times, but perhaps more significant than any of the other proposals is a subtle yet profound shift in the rights of oppressed minorities. These have previously been severely limited—some would say too much so. Now any shareholder will have the right to apply to the court for redress on the grounds that his rights are being unfairly prejudiced. The court will have wide powers to make, as it judges necessary, such orders to restrain or regulate the conduct of the company's affairs so as to procure the desired relief. In particular it may authorise civil proceedings to be brought by one or more shareholders in the name and on behalf of the company.

At a stroke the legislator's pen appears to remove the constraint imposed on shareholders' actions by the long-standing rule established in the case of Foss v. Harbottle.

It remains to be seen how the courts will administer their power. But the thrust of the times is plain. The balance of power is shifting. Companies, their officers and administrators are going to be more exposed to shareholder wrath if their conduct falls short of what may reasonably be expected. It is hard to quarrel with that, provided the law will hold a fair balance.

*Michael Renshall is a partner in the largest accounting firm in the UK—Peat Marwick Mitchell. Formerly technical director of the Institute of Chartered Accountants in England and Wales where he was closely involved in the negotiations on the harmonisation of EEC company law.*

## BUSINESS PROBLEMS

BY OUR LEGAL STAFF

### Exchange of land

**(a) What are the legal requirements including paperwork which have to be fulfilled by two parties who agree to exchange one plot of land for another, like-for-like, without the involvement of money in such a transaction and how much is it likely to cost?**

**(b) Also, where a neighbouring building with a pitched roof abuts my open land causing rainwater to be discharged onto my ground because of the decay of the rainwater guttering is it essential to have the owner make the necessary repairs, and do they thus obtain a right to enter onto my land at any time to effect such repairs?**

(a) A deed of exchange (akin to a conveyance) is required and registration at H.M. Land Registry may be necessary. No stamp duty would be payable. Costs would depend on the complexity of the work involved e.g. of the title or titles to be investigated. (b) It is not essential in law to have repairs effected. If however the land owner calls on the house owner to effect repairs the former must afford reasonable access. The house owner has no right to enter and effect repairs unless that right has been granted by deed or has been exercised by the house owner for the last 20 years or more.

### Damage to a yacht

**A yacht was damaged at moorings by another which had broken free. I have been told that an old Act restricts damages payable to £43 per ton. Is this correct?**

There is a limit stipulated in Section 503 of the Merchant Shipping Act, 1894, as amended (in 1958). The limit is now 1,000 gold francs per registered ton. That is just over £41 per ton. The loss must be caused without actual fault of the shipowner.

### Consultancy payments

**I hold a full-time NHS appointment in the cause of which I have been asked to undertake consultancy work for two international companies. Payment in respect of this work is on a per diem basis, and is to be made in a currency of my choice. Could you please advise me concerning the best way to treat these payments in terms of income tax, as I propose to undertake these duties while obtaining unpaid leave from my full-time appointment? It is not envisaged that these duties will exceed 30 days per annum.**

You have not given us many background facts to work on. We take it that you are domiciled in England and Wales (or in Scotland or in Northern Ireland), as well as being resident and ordinarily resident in the UK (for tax purposes, and also for exchange control purposes). That being so, it is not open to you to have the remuneration for the consultancy work treated as "foreign emoluments" (as explained in paragraph 3.1 of booklet IR25 (1977)), even if, as we gather, the companies are not resident in the UK.

If the consultancy contracts are contracts of service (as distinct from contracts for services), it might be possible to establish your right to the 25 per cent deduction explained in paragraph 2.8 of the IR 25 booklet, but you will have to study the booklet carefully to see whether it is possible for the conditions to be fulfilled.

On the other hand if, as perhaps you are implying, the contracts are not contracts of service—that is to say the consultancy work constitutes a single professional activity within Schedule D, as opposed to separate employments within Schedule E—then it seems most unlikely that you will be able to establish that the activity falls within case V of Schedule D (as explained in paragraph 7.1 of the IR25 booklet) rather than case II.

If you can find no help in the free booklet IR25 (1977), which is obtainable from most tax inspectors' offices, then it seems most unlikely that anything in section 27 of (and schedule 4 to) the Finance Act 1978 will help you either.

It is possible that your tax position may be affected by a double taxation agreement between the UK and the other country (or countries) involved.

*

*No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.*

LOMBARD

# Hissing at the snake

BY ANTHONY HARRIS

THERE IS a good deal of *Schadenfreude* to be had from reading the hostile remarks of the German forecasting institutions about the Schmidt proposals for an enlarged snake. To an astonishing degree, this proposal is technically friendless. I have heard it discussed by technical officials from England and Germany, by professional economists, civil servants, by bankers and by brokers, but I have yet to hear a single technical expert from any country suggest that the scheme is either useful or likely to be workable. It is good to know that this is not just some effluxion from the London air; it seems the same in Frankfurt.

The warnings from the German forecasters are so similar to those which have been expressed in this newspaper and elsewhere that they can be summed up in a few words. Divergent inflation rates will cause frequent parity changes, so there will be little or no discipline. The need to intervene will undermine the control of the money supply in the stronger economies, so they will suffer inflation while the weaker economies are pushed into recession. We will tend to converge, in short, on the worst common denominator of our present troubles.

## Indictment

It is a damning indictment, if hardly a new one to a London reader: and it raises again the question which remains unspoken in a great deal of comment: how on earth did such a technically half-baked proposal come to be floated in the first place? Since it quite obviously will not achieve its purported objectives, there must be dark motives at work.

This is always a tempting, gossipy line of reasoning. Germany, we can conclude, is out to preserve markets threatened by U.S. competition. France is out to discipline her trade unions—and Mr. Callaghan has the same thought at the back of his mind, if only he could get away with it. And so on.

It sometimes pays, I believe, to be more innocent, and accept things at their face value. The face value says that Chancellor Schmidt and President Giscard d'Estaing are bent on a gesture of solidarity and stability, and are more than a little impatient with the technical quibbles—even fundamental ones.

The mistakes built into the system have, after all, a long and hallowed history. The "fixed but flexible" formula goes right back to Bretton Woods, and is not altogether without merit. There was one vast upheaval in the late 1940s to correct the unrealistic starting parities, but the system re-established, and for nearly two decades exchange rates were sufficiently fixed to carry general conviction. Given a good start, the formula does impose real discipline for a long time; the trouble at the moment is that a good start seems about as likely as an unforecast eclipse of the sun.

Again, the belief that intervention can outwit speculators is obstinately held by politicians. Again, it can work, in suitable circumstances. Even under floating rates, intervention can damp down currency appreciation. It takes time for intervention D-marks to work through the Euromarkets to minor country reserves, and so start a secondary reserve-switching crisis.

Indeed, the favourite technician's sneer that some proposal or other "only buys time" is itself misguided. Time is very precious to a politician facing regular elections. It may also be very precious to an economy: a good deal of the world's pain is due to the fact that financial events move almost infinitely faster than real ones. Buying time is the way to secure smooth adjustment. Technicians are purists; politicians are compromise artists. A mutual impatience is natural.

The trouble on the present occasions is that the mutual lack of understanding has prevented any discussion of what is really needed—a system which may look technically somewhat impure, but which will effectively buy time, as the present proposals will not. These technical solutions do exist: but with politicians determined on large gestures, and technicians trying to preserve their monetary virginity, no-one is listening to them.

## Essentials

There are three essentials. First—and least understood—the EMS must leave the dollar to its own doom. It is hard to stabilise the European currencies, but impossible if the dollar is to be stabilised too. Secondly, there must be a monetary policy for Europe, not for each country, any more than Yorkshire has a monetary policy. DCE is the rule. Finally, there must be a mechanism for smooth, *predictable* parity changes — the only recipe for adjustment without speculation.

None of this will happen, of course. We all learn best from our mistakes, and this is especially true of obstinate national leaders. But it seems a pity to start with a deliberate mistake.

# Plant-families full of Eastern promise

## GARDENS TODAY

BY ROBIN LANE FOX

GARDENERS ARE waiting, I suspect, to see whether the first frosts come before the rain. I cannot recall such an extraordinarily dry autumn in any other year. My late flowering border plants are not enjoying it. The last michaelmas daisies are not up to their usual standard. October is never a good season for phloxes, but mine were already looking sad a few weeks ago before they began to prepare for their usual cutting-down. These dry summers have hit them hard. I am anxious, too, about the late summer lilies *Henryi*, *Speciosum*, and so forth. They have hardly felt the rain since they flowered, and I doubt if they will be as strong next year. They hate too dry a season at any time, but never more than when they are putting on weight for next summer's flower. Those which were mulched thickly in July with leaf-mould or lawn-mowings are looking less distressed.

There is nothing, honestly, which we can do about this except to be thankful that the autumn leaves are having such a bright time of it. But there are plants which revel in a dry, warm season, many of which have been brought strongly to my notice in the past few weeks.

Travelling through countries whose autumn weather makes ours seem damp and chilly, I have been impressed by their bright use of plant-families which we still overlook. Most of them, I agree, would be best in a cool greenhouse or against a south wall. But many gardeners will now be pulling their half-hardy pot plants under cover for the winter. Geraniums, abutilons, large-flowered fuchsias, perhaps an oleander or some big begonias: all these are old friends, but a good look into the favoured plants of the few good Persian and Indian gardens persuades me that we could be more adventurous.

What about thunbergia? If you know it, I imagine it will be as the annual Black-eyed Susan, still common in seedsmen's lists as a strong, half-hardy bedding plant whose clear yellow flowers are prettily marked with a darker eye. It is a good plant, but not half as fine as two which met me recently in Delhi, that outlying garden-city of British introductions in an age when greenhouses were seldom less than cool.

The first, *Thunbergia Grandiflora*, is a plant which you may discover at a nursery before I do. So far, nobody seems to bother with this rampant Indian climber which showers its sky-blue flowers, broad, six-petalled and yellow in their centres, over trees and *shrubs* in temperate gardens. If you happen to have a Mediterranean garden, this easy climber is one to hunt down. A clear blue-mauve, it is like some fine wistaria in late summer. There is no hope that it will survive an English winter, but it would be as lovely as that familiar pale blue plumbago on the wall of a conservatory or cool greenhouse. One blue thunbergia, a yellow winter *Jasmine Mesnyi*, and a scented white mandevilla for the summer would light up any such sheltered wall indoors.

Seed of the new sort, *Thunbergia Gibsonii*, is offered quite cheaply by Thompson and Morgan, London Road, Ipswich. Raise it next spring under glass or in a warm room, and train the seedlings in pots as if they were the brilliant blue morning glory. Give them a frame of tall canes, then, one seedling to each frame, in a five- or six-inch pot. Water more heavily than morning glory and feed richly on liquid manure. The flowers are spectacular in late summer, wide and open (some two inches across) and pleasantly throated like Black-eyed Susan. But the colour is a velvety scarlet-orange. Why have we been so blind to this lovely thing? It would race up a cool greenhouse wall or smother its tall frame of canes or wire on a sunny terrace. I am keen to do it justice next year.

Visitors to Delhi, some 30 years after the end of British tree-planting, still marvel at the trees, now well matured, along the street-centres and beside the verges. No leaves are more impressive than the finely-cut branches of the broad-headed albizias, those feathery trees with the style of a strong mimosa. Hilliers of Winchester, Hants, will still sell you good stock at £5.50 upward for each tree. It would be foolish to risk these big, broad trees outdoors. But their popularity in the bright bedding-schemes of many new town-gardens in Iran suggested to me that they could be spectacular, too, if pruned and trimmed to a suitable shape for over-wintering in a big pot or tub indoors.

From June till October you could leave them to spread, like a canopy of large mimosa. The summer-flowering "Juilibrissin" variety is the Asian one, whose feathery rose-pink flowers sit charmingly in the bold leaves. If you want solidity and shape quickly in a large conservatory, but dislike palms, albizia would be an exciting choice, a tree, too, for a warm holiday garden on the Mediterranean or beside a pool or terrace from where you could keep it safe in winter in a nearby shed. I thought that we are missing out on it badly.

Correa, still, is hardly more familiar. Its home is Australia, but some far-sighted gardener had massed it again in Delhi, no doubt before 1947. A mild West Country garden could risk this small-leaved evergreen outdoors. But I would suggest that you order the crimson winter-flowering speciosa and the yellow-green virens from Treseders of Truro, Cornwall, and keep them in a cool greenhouse, expecting them to reach a slender and upright shape of four or five feet in height. Their flowers are memorable, long and thin hanging bells which emerge from a calyx like a darker sort of acorn.

My final thought is not so rarified. I have written before about the lovely red pomegranates, or punicas, which are strictly for warm south walls. Last spring my punica failed in a late frost, but I return with a firm plan for replacement. In Isfahan I was struck by four punicas in tubs grown up as small standard "trees." With patience, you could contrive your own by limiting a plant to a single stem for the first four feet and tying it to a stout cane before allowing a head to develop on wires hooped round the top. If you have a sheltered swimming-pool, you could well work towards an experiment with two or four pomegranates for either end or corner of the paved surround. Their season is a convenient August and September. Any terrace which was warm would suit them, of course. The standard shape adds so much to climbers whose flowers are sometimes lost in a mass of leaves. Treseders sell a lovely crimson *Andre Leroy* and a double red *Loriole de Barnay*. Neither would enjoy a cold winter outdoors, so keep them in a moveable pot or tub. But like the others I mention this week, these standard pomegranates would be something quite out of the ordinary.

# Night Nurse bids to become top rank novice chaser

## RACING

BY DOMINIC WIGAN

A SURE SIGN that the flat racing season is rapidly drawing to a close is again evident in today's two meetings. Both Ascot and Newcastle are exclusively confined to the jumpers.

Ascot stages the more valuable races, with the Dunkirk Chase being supported by the Bagshot Handicap and another qualifier in the Embassy Premier Chase series, but the hard ground in the south has decimated fields. It is therefore probable that Gosforth Park visitors will have a more entertaining time.

There, Night Nurse tries to establish himself in the top rank of novice chasers and Tamalin attempts to concede between 5 lb and 32 lb to his four opponents in the John Eustace Smith Trophy.

Night Nurse, among the runners for the Falstone Novices Chase, impressed all who saw him at Wetherby last time out when he beat I'm A Driver with a bold show of fast economical jumping.

That performance was a notable improvement on his initial chasing effort at Market Rasen, where he unshipped the now sidelined Jonjo O'Neill and I can see no reason why he should now not be experienced enough to take today's modest prize.

I expect to see the former Champion hurdler and deputy rider Ian Watkinson make the running from start to finish and score at the chief expense of Nigel Tinkler's mount, Greenland, a close third behind Palace Guard and John McNab in a similar event at Perth.

Few chasers have enjoyed a more successful time at Newcastle in recent years than the 11-year-old Tamalin and many will be hoping to see the Penrith chaser land his sixth course victory in the three-mile John Eustace Smith Trophy.

Gordon Richards' popular gelding, whose chance of landing a Cheltenham Gold Cup now seems behind him, is certain to run well in the hands of Ron Barry, who was successful last year on Forest King. But I doubt if he is now quite good enough to concede weight to Neville Crump's considerably younger Ballet Lord.

A match for the Embassy qualifier, just one more for the Bagshot Handicap and five for the Dunkirk Chase have contributed to what may well be the smallest turn-out of runners for a day's racing at Ascot in the last 20 years. A total of just 27 have been declared for the six races.

ASCOT
1.30—Ash Hill
2.00—Orillo
2.35—Royal Judgement
3.05—Serpent Prince***
3.40—Fourth Son
4.10—Sing Man*

NEWCASTLE
2.45—Ballet Lord**
3.15—Night Nurse

Carrigeen Hill, unbeaten in six outings this term, seems sure to go to post an odds on favourite to account for his solitary opponent, Serpent Prince in the Embassy race, but it is the latter, and underrated stable companion to last year's winner, Kilbroney, whom I expect to see coming out on top close home.

# TV/Radio

† Indicates programme in black and white

### BBC 1

9.15 a.m. For Schools, Colleges. 10.55 The State Opening of Parliament by The Queen. 12.05 p.m. For Schools, Colleges. 12.45 News. 1.00 Pebble Mill. 1.45 Over the Moon. 2.01 For Schools, Colleges. 3.53 Regional news for England (except London). 3.55 Play School. 4.20 Wally Gator. 4.25 Jackanory. 4.40 Animal Magic. 5.05 John Craven's Newsround. 5.10 The Hills of Heaven.
5.40 News
5.55 Nationwide (London and South-East only)
6.20 Nationwide
6.50 It's A Knockout
8.05 Secret Army
9.00 News
9.25 The Fall and Rise of Reginald Perrin
10.00 Sportsnight
11.00 Tonight
11.40 Weather/Regional News

All Regions as BBC-1 except at the following times:

Wales—10.00-10.20 a.m. I Ysgolion. 2.18-2.38 p.m. I Ysgolion. 5.10-5.40 Bilidowcar. 5.55-6.20 Wales Today. 6.50 Heddiw. 7.15 Pawb Yn Ei Fro. 7.40-8.05 Tomorrow's World. 11.40 News and Weather for Wales.

Scotland—2.18-2.38 p.m. For Schools. 5.55-6.20 Reporting Scotland. 11.40 News and Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 9.25-10.00 Spotlight on People in Northern Ireland. 11.40 News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

### BBC 2

9.55 a.m. Gharbar
10.20 Parosi
10.35 Play School.
11.00 For Schools, Colleges.
1.50 p.m. Racing from Ascot
5.35 News on 2 Headlines
†5.40 Laurel and Hardy Showcase: "Fixer Uppers"
6.00 Animal World
6.50 Michael Strogoff
7.45 Mid-Evening News
7.50 The Story of English Furniture
8.15 The Money Programme, including the new daily paper "The Daily Star"
9.00 M*A*S*H
9.25 Play of the Week
10.20 My Kind of Movie: Dilys Powell on "On The Town"
10.25 The Battle of the Somme
11.40 Late News
11.55 Closedown (Reading)

BBC-2 Scotland only—11.00-11.20 a.m. For Schools.

### LONDON

9.30 Schools Programmes. 12.00 The Adventures of Rupert Bear. 12.10 p.m. Hickory House. 12.30 Sounds of Britain. 1.00 News plus F.T. Index. 1.20 Thames News. 1.30 Crown Court. 2.00 Afternoon. 2.25 "Beau Geste" starring Guy Stockwell and Telly Savalas. 4.20 The Sooty Show. 4.45 Shadows. 5.15 Batman.
5.45 News
6.00 Thames at 6
6.25 Help!
6.35 Crossroads
7.00 This is Your Life
7.30 Coronation Street
8.00 Showtime
9.00 News
9.30 Peek-A-Boo: with Lesley Anne Down as "The One and Only Phyllis Dixey"
11.20 Lou Grant
12.15 a.m. Close: A painting by Munch accompanied by the music of Bartok.

All IBA Regions as London except at the following times:

### ANGLIA

1.25 pm Anglia News. 2.00 Houseparty. 2.25 Film Matinee: "Don't Raise the Bridge, Lower the River," starring Jerry Lewis. 5.15 Mr. and Mrs. 6.00 About Anglia. 11.20 Chopper Squad. 12.15 am The Big Question.

### ATV

1.20 pm ATV Newsdesk. 2.25 The Midweek Matinee: "Harry Black and the Tiger," starring Stewart Granger and Anthony Steel. 5.15 You're Only Young Twice. 6.00 ATV Today. 11.20 Ghost Story.

### BORDER

†1.20 pm Border News. 2.00 Houseparty. 2.25 Matinee: "An Affair to Remember." 5.15 Bernie. 6.00 Lookaround Wednesday. 11.20 Power Without Glory. 12.15 am Border News Summary.

### CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. †2.25 Feature Film: "The Damned Don't Cry." 5.15 Emmerdale Farm. 6.00 Channel News. 6.10 The Senators. 9.28 Channel Late News. 11.20 SWAT. 12.10 am Epilogue followed by News and weather in French.

### GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 5.25 Emmerdale Farm. 6.00 Grampian Today. 11.20 Barnaby Jones. 12.15 am Reflections. 12.20 Grampian Late Night Headlines.

### GRANADA

1.20 pm This Is Your Right. †2.25 Wednesday Matinee: "The Mudlark," starring Alec Guinness. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Mr. and Mrs. 11.20 Bluey.

### HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.00 Help Yourself. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 11.20 The New Avengers.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.20-4.45 'Rydw'I Am Fod. . . . 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

### SCOTTISH

1.25 pm News and Road Report. 2.00 Women Only. 5.15 Batfink. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Report. 11.20 Late Call. 11.25 Westside Medical.

### SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. †2.25 "The Prisoner of Zenda," starring Ronald Colman, Madeleine Carroll and Douglas Fairbanks Jr. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day by Day. 6.35 Scene Mid-Week (South East Area Only). 11.20 Southern News Extra. 11.30 Shannon's Mob.

### TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 2.00 Women Only. 2.25 "Africa—Texas Style!" starring Hugh O'Brien and John Mills. 4.18 Cartoon Time. 5.15 Happy Days. 6.00 Northern Life. 11.20 George Hamilton IV. 11.50 Epilogue.

### ULSTER

1.20 pm Lunchtime. 2.25 Wednesday Matinee: "Bonnie Prince Charlie," starring David Niven, Margaret Leighton and Jack Hawkins. 4.10 Cartoon Time. 4.18 Ulster News Headlines. 5.15 Cartoon. 5.20 Crossroads. 6.00 Reports. 6.35 The Bob Newhart Show. 11.20 Bedtime.

### WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. †2.25 Feature Film: "The Damned Don't Cry," starring Joan Crawford. 5.15 Emmerdale Farm. 6.00 Westward Diary. 9.28 Westward Late News. 11.20 SWAT. 12.10 am Faith for Life.

### YORKSHIRE

1.20 pm Calendar News. 2.25 The Wednesday Matinee: "Africa — Texas Style," starring John Mills, Hugh O'Brien and Adrienne Corri. 5.15 Mr. and Mrs. 6.00 Calendar (Emley Moor and Belmont editions). 11.20 The Songwriter—Justin Hayward.

### RADIO 1 247m

(S) Stereophonic broadcast

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Paul Gambaccini. 7.30 Listen to the Band (S) (joins Radio 2). 8.00 As VHF. 10.02 John Peel (S). 12.00-2.02 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2 including 1.55 pm Good Listening. 8.00 Listen to the Band (S) (continued from Radio 2, 7.30). 8.15 Semprini Serenade (S). 9.02 The Impresarios. 9.55 Sports Desk. 10.00 With Radio 1. 12.00-2.02 am With Radio 2.

### RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Tony Brandon (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Sing Something Simple (S). 7.30 Listen to the Band (S) (continued on VHF and Radio 1). 8.00 European Soccer Special. 9.30 The Impresarios (on VHF). 9.55 Sports Desk. 10.02 The News Huddlines with Roy Hudd. 10.30 Max Wall says Be My Guest. 11.02 Brian Matthew introduces Round Midnight including 12.00 News. 2.00-2.02 am News Summary.

Radio 2 Scotland Only—8.00-9.30 pm Sportsound European Soccer Special.

### RADIO 3 464m, Stereo & VHF

6.55 Weather. 7.00 News. 7.05 Your Midweek Choice, part 1 (S). 8.00 News. 8.05 Your Midweek Choice, part 2 (S). 8.55 Rural Rhymes. 9.00 News. 9.05 This Week's Composer: Shostakovich. 9.50 Organ Music (S). 10.25 Ernest Lush in Brahms Sonatas (S). 11.20 Midday Concert, part 1, Haydn, Mozart (S). 12.05 pm Interval Reading. 12.10 Concert, part 2, Sibelius, Ravel. 1.00 News. 1.05 Concert Hall (S). 2.00 BBC Welsh Symphony Orchestra (S). 3.05 French Chamber Music (S). 4.05 Kodaly: Psalmus Hungaricus (S). 4.35 Building a Library of records (S). 5.05 Homeward Bound (S). 6.30 News. 6.35 At Home: Schnabel plays Beethoven. 7.30 Thomas Arne: Music from Vauxhall Gardens (S). 8.20 Scientifically Speaking (Schizophrenia). 9.00 BBC Symphony Orchestra, part 1: Schubert, Shostakovich (S). 9.50 The Arts Worldwide. 10.10 BBC SO, part 2: Beethoven (S). 11.00 Sounds Interesting (S). 11.45 News. 11.50-11.55 Tonight's Schubert Song (S).

### RADIO 4 434m, 330m, 285m and VHF

6.00 am News Briefing. 6.10 Farming Today. 6.30 Today—Magazine, including 6.45 Prayer for the Day. 7.00 and 8.00 Today's News. 7.30 and 8.30 News Headlines. 7.45 Thought for the Day. 8.45 An Occurrence at Owl Creek Bridge (short story by Ambrose Bierce). 9.00 News. 9.05 The Living World. 9.35 Parent Power. 10.00 News. 10.05 Warwick Castle. 10.30 Daily Service. 10.45 You. The Jury. 11.30 The State Opening of Parliament. 12.00 News. 12.02 pm You and Yours. 12.27 Dr Finlay's Casebook. 12.55 Weather; programme news. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.05 Listen with Mother. 3.00 News. 3.05 Afternoon Theatre. 3.50 Choral Evensong (S). 4.35 Story Time. 5.00 PM: News magazine. 5.55 Weather; programme news. 6.00 News. 6.30 My Word! (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 The Reith Lectures. 8.15 The Hitch-Hiker's Guide to the Galaxy (S). 8.45 Analysis: The State of the Union. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.25 A Star is Born: 'Live' report on the launching of a new national newspaper. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

### BBC Radio London 206m and 94.9 VHF

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 In Concert. 10.03 Late Night London. 12.00-Close As Radio 2.

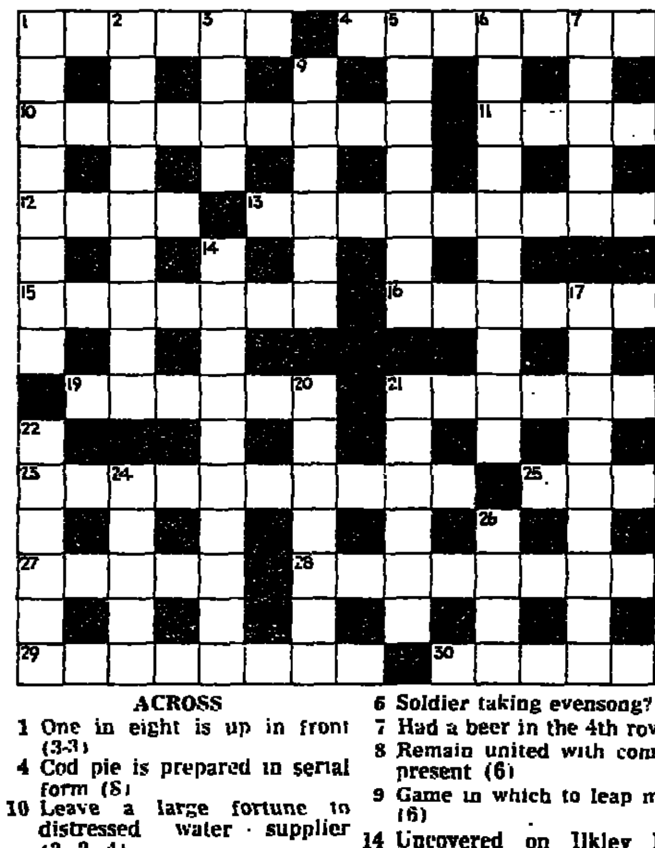
### London Broadcasting 261m and 97.3 VHF

5.00 am Morning Music. 6.00 AM: non-stop news, information, travel, sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'Clock Call. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

### Capital Radio 194m and 95.8 VHF

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Tale of Two Cities—Gillian Reynolds compares life in New York and London, and tonight examines Unemployment. 8.00 Adrian Love's Open Line (S). 9.00 Your Mother Wouldn't Like It with Nicky Horne (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

## F.T. CROSSWORD PUZZLE No. 3,811



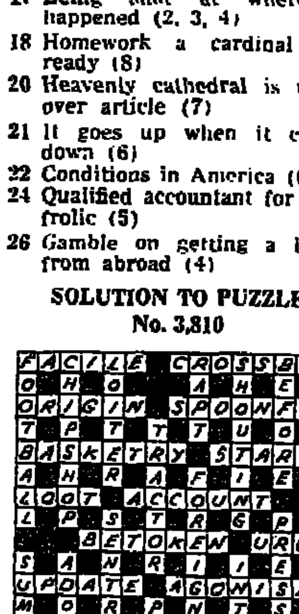
ACROSS

1 One in eight is up in front (3-3)
4 Cod pie is prepared in serial form (8)
10 Leave a large fortune to distressed water supplier (3, 2, 4)
11 Fish right round a church (5)
12 Shepherds have a flock (4)
13 Sycophant attending Wellington with ready tongue (4, 6)
15 Returns once more before artist falls (7)
16 Draw bar supporting member (3-3)
19 Part of habit of record holder (6)
21 Braggart puts old Bob in straw hat (7)
23 Satisfactory travel authority getting youth leader to jeer (7-3)
25 Small and far from loud cry (4)
27 Kind Danish leader always given same part (5)
28 One will moderate anger (3, 6)
29 Harsh step taken by National Trust (8)
30 Has Edward been under-employed? (6)

DOWN

1 Second workman to have a stroke in court (8)
2 One source of flower power (9)
3 A long-playing record's within range (4)
5 Cloak for anaemic baby (7)
6 Soldier taking evensong? (10)
7 Had a beer in the 4th row (5)
8 Remain united with company present (6)
9 Game in which to leap madly (6)
14 Uncovered on Ilkley Moor (4-6)
17 Being shot at where it happened (2, 3, 4)
18 Homework a cardinal has ready (8)
20 Heavenly cathedral is upset over article (7)
21 It goes up when it comes down (6)
22 Conditions in America (6)
24 Qualified accountant for each frolic (5)
26 Gamble on getting a letter from abroad (4)

SOLUTION TO PUZZLE No. 3,810



Television

# No Business but Show business

by CHRIS DUNKLEY

Does it really matter that ITV's supposedly "religious" programme on Sunday evenings, *Stars On Sunday*, fails to get religion into its title but manages to refer instead to its collection of celebrities? Is it important that for last week's edition TV Times billed James Mason, Harry Secombe, Robert Dougall and Elaina Campbell above Matthew, Mark, Luke and John? (Not that it mentioned the apostles by name, of course, but after the stars' names the blurb went on: "Moira Anderson introduces another line-up of celebrities with more of your favourite songs and Bible stories.")

Staying with TV Times for a moment, should we attach any significance to Anglia TV's decision to have Orson Welles' name printed in capitals above the title of their *Survival* programme about Zambian wildlife? Is there any connection between *Stars On Sunday* and *Survival*?

And since the word connection has cropped up, is there one between BBC1's new series on precisely that subject, Yorkshire TV's documentary series on India, and London Weekend TV's hopefully but inaccurately titled *Big Night*?

Going back to *Stars on Sunday*, are there any conclusions worth making about the progression in Robert Dougall's career from BBC news reader to advertiser of margarine and religious celebrity? And—final rhetorical question—is there any general observation which can be made concerning not only the programmes already mentioned but also *Sporting Superstars*, *The South Bank Show*, *Read All About It* and *Celebrity Golf*?

The answer to each of those questions is yes. It does matter, it is of importance, we should attach significance, there are conclusions worth making, and all these matters are closely connected.

The general boservation is that the showbusiness values and techniques which commercial television understandably and unexceptionably imported from the variety theatre, cinema and music hall for use in its own light entertainment programmes are being extended and applied to everything on television: religion, wildlife, science and technology, travel, fine art, sport literature, and the news.

Nor is this confined to commercial television. In its 20 year battle to retain a respectable proportion of the national audience large enough to justify the continuing licence fee, the BBC has moved as enthusiastically as any of the ITV companies, and sometimes with more expertise, towards the adoption and exploitation of showbusiness in previously unaffected areas of programming.

But, it may be objected, there is nothing new about this: for years cynics have been complaining that television's nasty habit is to suck in all sorts of diverse and contrasting talent and material at one end and squirt it out again on to our screens at the other end in indistinguishable gobbets of homogenised pap.

The thing is that although cynics have indeed been saying that for a long time, it has not been true. In fact it is not true even yet. There is still a great number of programmes which either relay highly original and even unique material with an absolute minimum of modification to suit it to television (2½ immensely enjoyable hours with the Royal Ballet *In Performance* on Saturday for instance) or which actually create and present highly original material looking anything but homogenised: *Monty Python's Flying Circus*, for example, or the current extraordinary and fascinating series by Derrick Amoore and Ron Johnston on academic research called *Discoveries*. Or, to get away from BBC2 for a moment, Thames TV's *Rock Follies* which owed plenty to traditional showbusiness ideas but was nevertheless television approaching its most pure, and certainly not moulded to look or sound like anything around it.

So if all that can be said in defence of television, have the cynics got it completely wrong?

My feeling is that in all the years to date their complaints have been greatly over done but that there do seem to be a remarkable number of people inside television who are now doing their damnedest to justify the cynics and pessimists.

In other words, although the charge that television extrudes everything in uniform glittering dollops of showbiz may not have been fair in the past, it seems all too likely to become fair quite soon if present trends continue.

No truly radical change is necessary for this to happen since it is a matter of degree: a small amount of showbusiness always was discernible within much serious television, serving quite inoffensively as a lubricant. The danger comes when Torrey Canyon loads of the stuff are allowed to seep out and coat everything in sight, thus hiding it from view. At that point it becomes clear that instead of showbiz serving the subject, it is the subject which is serving showbiz. And that, surely, is the crux of the matter.

At present there are a lot of programmes in which it is unclear which set of values dominates, but when you try to decide which way things are moving, all the signs unfortunately point in the same direction. Some programmes have clearly gone all the way already: "celebrity golf" is sport squeezed into the service of showbusiness and the promotion of "personalities." So is *Sporting Superstars*.

Under Melvyn Bragg *Read All About It* came close to pressing literature into the service of showbusiness, using books to promote footballers, singers and so on—or was it really the other way about? In its present series with producer Julia Matheson and presenter Ronald Harwood it has reformed and so far this season managed with only one glossy actress (Joanna Lumley). Bragg, however, has moved to London Weekend TV and shown in the first season of the *South Bank Show* a tendency to go for showbiz personality pieces no matter what the art form.

For further indication of the general drift, take the three programmes mentioned above: the "connection" is that all three incorporate the name of the presenter possessively in the title, as in *Bruce Forsyth's Big Night*. In Forsyth's case this seems reasonable enough since the programme is presumably intended to be pure showbusiness and the promotion of personality is what much of the series is about.

But what of *Whicker's World: India* and *James Burke's Connections*? Do the personalities feature in the titles as lubricants to ease the viewer into watching, or are we witnessing a massive spillage of showbiz crude?

I am fairly sure that much of the hostility towards Burke from serious commentators arises from a feeling that the programmes are seen as being there to serve Burke and not vice versa: that a spirit of "Hey mum look at me" dominates the series.

Yet the line dividing presenter-dominated subjects (showbiz) from subject-dominated presenters (not showbiz) is perilously thin. David Bellamy, who has previously "starred" in the possessively titled *Bellamy's Britain* and *Bellamy's Europe* is now presenting *Botanic Man* for Thames TV, and because of his resort to personality and his perpetual readiness to perform antics in front of the camera he must be in danger of categorisation as one of the Zsa Zsa Gabor celebrity set.

That would be quite unjust in my view, however; his expertise is never in doubt, and every single antic (swimming the Amazon, with a marvellously doubtful downward glance, climbing a liana Tarzan-style, marching along firing tubs of petrol to indicate the passage of millennia) serves the subject and suggests the shrewdness of the showman teacher rather than the self-aggrandisement of the seeker after celebrity status.

There will still be those, particularly inside television, who will say that none of this matters. That such fine distinctions are pretentious. That there is nothing wrong with being entertaining. Nor is there, if the entertainment is an adjunct to an already talented piece of work.

But it surely does matter if the showbiz tinsel, instead of being a complement to excellence is used as an attempted substitute for it?

*Survival's* film about African wildlife—complete with the pathetic legs of a crocodile's prey disappearing beneath the water—was derivative, repetitive, and, judged by the demandingly high standards in animal observation films set nowadays by Oxford Scientific Films, Heinz Seilman, Maurice Tibbles and many more, technically mediocre. But Anglia's little ploy worked: one critic has already written about how nice it was hearing Orson Welles growl Kipling's line about "the great grey-green greasy Limpopo River."

What price the news read by Kermit and Miss Piggy?

"Botanic Man": David Bellamy setting up an experiment by the boiling springs of Lake Hannington, Northern Kenya

Leonard Burt

Annabel Leventon and Vincent Marzello

Round House Downstairs

## Jesse and the Bandit Queen

This is the story, according to American playwright David Freeman of Jesse James and Belle Starr, whose shifting relationship is seen through a kaleidoscopic series of newspaper reports, fantasy sequences and rough-house encounters. It is not a subject, I would have thought, of pressing interest for the good folk of Camden Town, nor is it of even marginally general interest in Andrew Harmon's dull production, which is badly lit, half-heartedly staged, and largely inaudible.

Jesse (Vincent Marzello) has a nagging wife and Wild West reputation to live up to: Belle (Annabel Leventon), survivor of a three-Starr marriage, has an Oedipal son, several pairs of boots and a strong preference for Cherokee Indians. Their respective exploits, recounted in the *Police Gazette*, demand that they inhabit the myths they have created. That, and a little bit of coy role-reversal, constitutes the lean meat of the play.

Despite the overall dreariness, Mr. Freeman is obviously a writer of some dash and imagination. Even I can spot that, despite Mr. Harmon's strenuous efforts to contradict the evidence.

MICHAEL COVENEY

Covent Garden

## A Month in the Country

Mark Silver's appearance as the tutor, Belyayev, in *A Month in the Country* seems to me to be a most happy and natural piece of casting. He brings youth, sure technique, and an unforced sincerity to the part; he is physically of the same build as Anthony Dowell, who created the role, and his elegant line fills out the long phrasing of Ashton's choreography as featly as does Dowell's. (Silver had, at his graduation performance from the Royal Ballet School, taken over another Dowell role—that of Oberon in *The Dream*.)

If the role suits him physically, it is no less right for him emotionally. Silver, an artist of undoubted gifts, suffered a year of injury which might have clouded his promise. But on Monday night he was back on best form, better indeed than I have seen him before. The character of Belyayev seems to focus his personality; he understands its indecisions — the puzzled glance before he embraces Vera at the end of their duet; the brief challenging flash of temperament with Rakitin at his first entrance — and he explores its nuances of feeling with a sensitivity that avoids mere softness. In characterisation and dancing I find it a most convincing and most rewarding performance, the identification with the part absolutely sure.

Marguerite Porter was the Natalya, repeating the gentle and sweetly danced reading we saw last season. At first I thought she looked young for the role, but as the ballet progresses, Porter finds a nervous intensity that illuminates Natalya's feelings with sudden shafts of acute emotion and give the characterisation its maturity.

CLEMENT CRISP

Elizabeth Hall

## New Vienna Octet

The members of the New Vienna Octet all belong to the Vienna Philharmonic. They owe their collective title, but none of their personnel to the old Vienna Octet; if the distinguished name evokes classical playing of refinement and relish in equal parts, the new group deserves it. They were acclaimed with due delight on Sunday by a not over-large audience. It might have been larger had the Octet been permitted to advertise their major work, the Brahms Clarinet Quintet—but another group with a prior booking was down to essay the Brahms last week, and apparently they exercised their right of refusal.

It says much for the Vienna clarinettist Peter Schmidl, that he kept his poised and lovely contribution to the Quintet strictly on a level with the string parts—not even "primus inter pares" except in the Adagio—and yet underplayed nothing. His first ascending phrase glowed magically, and everywhere he displayed a limpid legato which remained cleanly articulate, never boneless. A touch of shrillness at the top seized the attention at dramatic points, which in this performance were made strongly; the Quintet regularly suffers from crepuscular wilt, and there were uncommon rewards in the Vienna players' purposeful shaping of it.

At the outset of Beethoven's early Septet Op. 20, I wondered whether good taste was going to dampen the rollicking spirits of the piece. The cool assurance of the Octet's leader, Erich Binder, seemed not to run to the extrovert chirpiness the music invites. But it was needless worry

DAVID MURRAY

Soho Poly

## British Bulldog

by B. A. YOUNG

When Barnes emerges from the lavatory (where we have heard him straining for some time) to interview Harry, the job applicant in his office, he is dressed from head to foot like Baden-Powell. BP's portrait hangs on the wall, together with other posters about the outdoors and an intrusive calendar of nudes.

The interview, for a very vaguely specified job turns at once into a recruiting campaign for the Boy Scouts. As Barnes brews cocoa on the floor, cooks a damper, sings camp fire songs, Harry, a simple young man on the dole, whose idea of outdoor life is watching Newcastle United from the terraces, seems to go along with him.

He is even persuaded to change into a Scout uniform and has a shot at playing "British Bulldog," a game involving some rough bodily contact.

But by then he has begun to realise that Barnes, with his outdated uniform, is a phoney. He challenges him to another round of "British Bulldog" and easily wins by kicking him smartly in the crotch.

Phil Woods, the author, hasn't made it quite clear what he is arguing. Though Barnes is a figure of fun, he talks some old-fashioned commonsense; and though Harry wins on behalf of today's youth, he is, let's face it, a man of no great value to society. Moreover, the play goes on for too long at one level, without perceptible development until the final pay-off.

Still, there are a few laughs, and John White as Barnes and Rod Culbertson as Harry, play with pleasant enthusiasm. Brian Croucher directs.

Young Vic Studio

## Cabaret of Love & Death

by ANTONY THORNCROFT

Cabaret of Love and Death, appetisingly described as "A Corrupt and Elegant After-Dinner Entertainment" features one of the better performing poets George Macbeth and one of the more ambitious singers Bettina Jonic as protagonists mulling over the scraps of a dead affair, so dead that they emerge from coffins before taking up positions at the lecterns.

And very traditional positions they are, too. MacBeth nicely manly in his waspish satire of the lady's shortcomings and Jonic trying through sweet smiles to counter his inbred chauvenism. George MacBeth recites his pretty speeches while Miss Jonic sings in a voice perhaps better trained for the concert platform than for intimate review.

Everything depends on the lyrics, written by MacBeth and John Bingham, who also composed the musical accompaniment. Some are amusing, "Painters Model" a run down on the love lives of celebrater artists and "Oedipus 'Eddy' Rex," in particular; others no more interesting than overheard wrangling. But this late night performance, starting at 11 at the Young Vic studio, is a nice idea and it is a pity that the well matched protagonists are not provided with equally certain material.

It was good to see Bettina Jonic flourish in "Cabaret" for her solo spot late on other November nights at the Studio. Blue Denim is a disappointing stew of tedious thoughts, badly directed and boorishly old fashioned, which cries out for cutting and probably too much cutting for survival.

## RSC earns over £2m

The one hundred and second annual report of the Royal Shakespeare Company, released yesterday, reports on the thirty five RSC productions which were performed in fifteen different theatres in the 1977-78 season. During the year the Warehouse became the RSC's fourth auditorium enabling Other Place productions to transfer to London with the same regularity as transfers from the Royal Shakespeare Theatre to the Aldwych.

Earned income in the year was £300,000 higher at £2.27m, and for every £1 earned by the RSC there was an Art's Council grant of 63p. The deficit for the year was £54,709, but this includes £22,000 incurred in advance for 1978-79 activities. Over £100,000 has already been raised by the Shakespeare Theatre Trust for phase one of the new theatre in the Barbican.

Festival Hall

## Sullivan and Elgar

The juxtaposition of Sullivan's and Elgar's music in Monday's concert brought a reminder that the careers of the two composers overlapped. Indeed the overlap would have been greater had Elgar not been such a late starter. It was at Leeds in 1898, when Sullivan made his last appearances as principal conductor of the Leeds Festival, that Elgar (already over 40) achieved one of his first successes with the cantata *Caractacus*.

That cantata, and the even earlier *King Olaf*, had been revived in recent seasons at the Festival Hall by the organisation which calls itself Polyphonia. On Monday, with Bryan Fairfax again as conductor, Polyphonia provided a hearing for the earliest Elgar cantata of all, *The Black Knight* (1894). Preceding it in the programme was the four-movement symphony which, 30 years previously, had been written by the young Sullivan before Gilbert entered his ken. Mr. Fairfax, with the Philharmonia Orchestra at his disposal, also delivered the *Ruy Blas* overture of Mendelssohn, as if to show where Sullivan found some strong roots of his musical style.

Poor Mendelssohn had a stodgy time of it from Mr. Fairfax's better, but Mendelssohn will survive. Sullivan's case is more perilous. His symphony does not, as might have been expected from a young Englisman fresh from training in Leipzig, adopt the thrusting discords and stressful syncopations of Schumann. If any influence shows other than Mendelssohn's, it is Schubert's—especially in the finale, when the trombones recall the Great C major almost too frankly. (The subtitle of Sullivan's symphony, "the Irish," indicates only a place of composition, not a folk-like flavour.) Sullivan's is not an exciting work, but it has charm, wit and wistfulness—qualities which all but disappear if opportunities are not taken of bringing out and caressing the characteristic melodic phrases of woodwind and strings.

I longed to hear this symphony in a more pliable performance, with subtle curving of detail. (Sir Charles Groves recorded it nearly a decade ago: can he be persuaded anew to a live performance?) Mr. Fairfax was more successful with the Elgar cantata, because its explosive harmonies and its strongly sectional divisions establish the mood-pattern in the broadest terms. Its story, by Longfellow after Uhland's German original, is a bit of a Gothic bore—about a sinister intruder at a medieval festivity. But the music so strongly "sounds like Elgar" (even without those drooping sevenths of his later style) that it is welcome as a rarity. Despite the feeble tones and incomprehensible diction of the Harrow Choral Society, the encounter was a stimulating one.

ARTHUR JACOBS

Wigmore Hall

## It Don't Mean a Thing

This welcome Saturday afternoon jazz concert took its title from the recent BBC-2 series which showcased only British musicians (lobby the BBC for its return!). The series had the effect of reminding audiences—and reluctant critics!—that preoccupation with the steady flow of visiting American musicians to this country too often leads to unjust neglect and dismissal of the rich, native-born talent in our midst.

The quality of music heard on Saturday again confirmed that British jazz need never have an inferiority complex. Blind pianist Eddie Thompson, who for ten years successfully competed with Americans on their own ground in New York, threaded the proceedings together in his own inimitable way with over-effusive introductions, some good jokes and his own witty playing.

Thompson is a prime example of an unsung talent in his own land. His style echoes the floweriness of Art Tatum but in fact he copies no one. His ebullient playing and melodic attack, counter-balanced with lyrical tenderness in ballads such as "Round Midnight" put him in the forefront of piano players anywhere.

John McLeavy, that chuckling man of the trumpet and flugelhorn and adept user of mutes, shared the front-line duties with saxist Kathy Stobart who did not seem to get into her stride on tenor but whose version of "My Ship" on soprano was as moving as anything heard all afternoon. McLeavy's short, stabbing phrases and pure, clean trumpet tone were deliciously highlighted on his now regular feature, "Baubles, Bangles and Beads."

Kay Garner, heard recently on late night BBC radio but a newcomer to the jazz scene, provided the vocal part of the concert. Her jazz-based stylings suggested she could be THE white jazz singer this country has yet to produce. Her phrasing and jazz feeling are not in question. But her choice of material, especially "Tea for Two" in a version very similar to that of Anita O'Day (an obvious major influence), could be more challenging and discerning. But she is most definitely a name to listen for.

The two other musicians fulfilling an important role during the two-hour concert, which was presented by the BBC Jazz Society, were bassist Len Skeat and drummer Ted Pope.

KEVIN HENRIQUES

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# Mismanaging reserves

THE DOLLAR, after falling vertiginously for several days, stabilised yesterday. While this pause can hardly be hailed as the end of the crisis, it is an illustration of how it is likely to end. At some point a currency widely used for trade must be perceived as cheap, so that commercial users begin to take advantage of the low price, and reserve holders who have been trying to diversify decide that it is now too late. Such a change of sentiment maintained for more than a short time is likely to set off a sharp recovery. This is the usual pattern of movement in capital markets—or indeed in any market where stocks are large in relation to flows; but it is a disruptive way.

Sir Jeremy Morse, before he left the official world for joint stock banking, spent some frustrating years steering the efforts of the Committee of Twenty to devise a more rational way of managing reserves and the adjustment process. The experience has left him with few illusions about the chances of securing agreement on any reform, and when he surveyed the present mess in a talk in London yesterday he forecast that, despite the crisis, radical change remains highly unlikely. We are simply moving rather convulsively from a post-war era of dollar domination to an era of managed instability and multi-currency reserves. It is a confused and confusing prospect, and for the longer term Sir Jeremy suggested that thought should again be given to a more radical and international approach.

The problem is certainly not one which is likely to be solved by benign neglect. For the time being diversification of reserves by a number of small countries is a manageable problem, and may prove slightly helpful. In spite of the declared wishes of some of the central banks concerned (though not of the Bank of Japan, which knows how to give way gracefully to importunity), reserve holdings of a range of stronger currencies are growing.

As long as these holdings are reasonably in line with the sums a prudent banker would hold to cover transactions, they are likely to be quite stable despite exchange rate movements, as official sterling balances have proved since they were run down to something near trading levels. However, this merely shifts the dollar holdings into safer hands. Little or nothing has been achieved to improve the general quality of reserves, or to promise any control or stability in the growth of international liquidity.

It is often remarked in the City at the moment that the world has become unstable because of the lack of any dominant economic power as the centre of a kind of planetary system. However, the monetary problem is more complicated than that. What is required for any durable system is not so much a dominant commercial power as a monetary authority which is prepared to put its international responsibilities at the top of its priorities. The Bank of England saw its responsibilities in this way two or three generations ago, but the cost to the domestic economy was often high. The Federal Reserve has always and legitimately put its domestic responsibilities first. The success of an essentially dollar-based system in the 1950s and early 1960s was more a matter of luck than management.

### *Likely fate*

However, this "dollar imperialism" was increasingly resented, and in the end the dollar suffered that fate likely to befall any reserve currency—the deficit needed to meet world reserve demand implied an over-valued currency. Its subsequent collapse was speeded by inflationary domestic policies and a period of misuse by central banks of the Euro-markets. In an effort to limit the disruption which has resulted, the stronger central banks have acquired a flood of now unwanted dollar reserves.

It is not an edifying story, but there is no inherent reason to suppose that another national central bank, or even a European monetary system, will do much better at the role of reserve creation and management. No one would dream of setting up a national central bank as the subsidiary of a trading concern, however large, and it is no more logical to run international money in this way. The lesson of Bretton Woods and its collapse is not that we do not need an international system. We need a better one.

# A milestone in Madrid

SPAIN HAS PASSED a major symbolic milestone on the road to Western-style democracy with yesterday's Parliamentary approval of a new constitution. The constitution establishes Spain as a "parliamentary monarchy," with firm guarantees for the respect of human rights and a limited role for the King, on much the same lines as many other West European countries. Even if yesterday's endorsement was widely expected, formal approval of the new constitution is an essential part of the process of Spain's reintegration into the family of West European nations. The EEC countries, with some misgivings, are prepared to welcome Spain into the Community if by doing so they can underpin Madrid's attachment to democracy. But at the same time, the Nine need proof that this is what the majority of Spanish people really want.

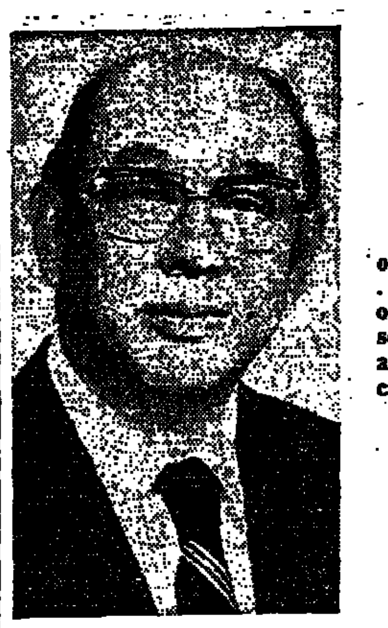
### *Respectability*

Spain's transition from Francoism to international respectability has proceeded much more easily than many people once feared. All the main political parties approved the constitution in yesterday's vote, and all the indications are that the majority of the population will accept it in the national referendum due to be held on December 6. The Spanish have not yet had much experience of the practical implications of their new democratic system—and most of them are probably unaware of what Common Market membership will involve—but there seems to be a general national consensus behind the constitutional reforms that Parliament has now adopted.

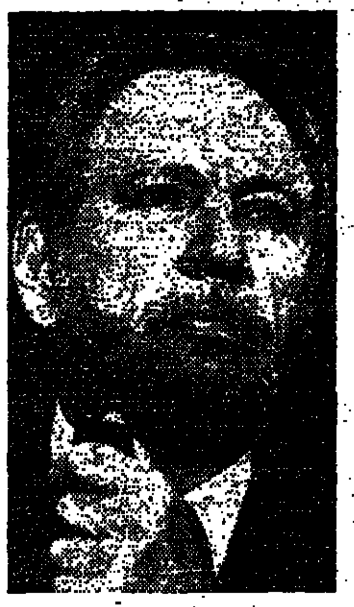
The major problem is that the national consensus does not include the more active Basque separatists, nor, in lesser numbers, their Catalonian counterparts. The mainstream Basque nationalist party (the PNV) has now decided to campaign for abstention in the referendum on the constitution, and the chances are high that the ETA guerrilla organisation will step up its terrorist campaign between now and December 6. The Basques have traditionally been successful in exporting political discontent from their homelands to the rest of Spain, and may well do so again. But the overwhelming reaction of Spaniards outside the Basque country in the coming weeks is more likely to be an anti-separatist backlash.

If, as is likely, the majority of Basques reject the constitution—or abstain—severe tensions will persist. The Madrid Government has so far shown itself unimaginative in refusing to make small but symbolic concessions to the Basques, and an overwhelming Yes to the constitution by the rest of Spain will not solve the problem. The armed forces still have an obsession about Basque separatism that dates from the Civil War and before, an attitude that has almost certainly influenced sections of the new constitution.

Sr. Adolfo Suarez, the Prime Minister who has piloted the constitution through Parliament, also has a more immediate problem — how to stay in power. He has the choice, after the December referendum, of either calling general elections or submitting his minority centrist administration to a vote of confidence in Parliament. He might well survive a vote of confidence with Communist support. The Communists are not yet ready for general elections and want a breathing space to consolidate their power through the trade unions. The problem is that Sr. Suarez should in theory hold municipal elections within 90 days of the refendum, elections in which the Socialists, the major opposition party, are confident of making widespread gains. If so, they would then want to unseat Sr. Suarez in a geenral election. By securing the overwhelming Parliamentary passage of the constitution, Sr. Suarez has made a vital contribution to the restoration of Spain's international credibility as a democratic nation, but his internal problems are far from over.



Mr. Eishiro Saito, President of Nippon Steel, . . . if Japan can curb her overseas steel shipments by some 20 per cent it is "deplorable" that other nations cannot do the same . . .



Mr. Tony Solomon, U.S. Treasury under secretary . . . the steelmakers of the emerging advanced developing countries will be allowed to compete in the U.S. market against the home industry—as long as the competition is considered fair . . .

Viscount Etienne Davignon, EEC Industry Commisioner . . . The next phase of the Davignon Plan is the restructuring of the EEC steel industry to make it efficient and competitive for the 1980s. But Viscount Davignon knows the only weapon in his hand is his ability to persuade member governments to put their own industries in order . . .

# Glimmer of a new dawn for world steel

BY ROY HODSON

STEELMAKERS are holding their breaths and are not risking forecasts which could prove to be rash or misplaced. But there are signs that the industry is starting to pull out of its four-year recession.

It will be easier to acknowledge that the show is on the road again when the 29 member countries of the International Iron and Steel Institute (making 98 per cent of Western world steel) decisively break through the 40m tonnes-a-month barrier. That figure was comfortably exceeded in 1973 and 1974 before the crash of 1975. Now the industry is again nudging towards it. September production among the IISI members was nearly 39m tonnes.

Among the brightest spots are that West German steelmakers are doing much better business and expect to raise production this year by some 3m tonnes; and U.S. companies have been working nearly flat-out in recent weeks with order books lengthening for some products into the early months of next year.

It is, of course, too early for the world industry to assess what will be the overall impact of the falling U.S. dollar upon world markets in steel. And many forecasters expect steel sales in the U.S. to fall off during a period of recession there next year.

But the world picture now is one of rising demand for steel products. It may well be sustained until the Western world is again trading at the tonnage levels last seen in the early 1970s.

There is no chance, however, that a return to the tonnage of five years ago will mean a return to normality and high levels of production for everybody. In particular the steelmakers of western Europe and Japan will find themselves in a harshly different world to the one they knew.

The new steelworks of the so-called "third nations"—developing countries in the main—are straining to turn out higher tonnages from some very efficient equipment. Those newcomers to the steel scene have raised production in the first nine months of this year by, on average, 11 per cent compared with the same period a year ago. Brazil's output is up by 7 per cent; South Korea's by 15 per cent; Mexico's by 25 per cent; and Taiwan's by 95 per cent.

The third world nations now comprise a potent force in the pattern of world steelmaking. They will become steadily more important during the next ten years as more new works in those countries are built with the assistance of Japan, Europe, and the U.S.

## Balance will shift

This year the non-Communist world will make nearly 460m tonnes of crude steel. Europe and the U.S. will each provide well over 100m tonnes. Japan will produce about 100m tonnes. The third world nations will together also provide around 100m tonnes. Within five years that balance will have shifted decisively in favour of the third world countries. Their collective production will then outstrip that of any one of the traditional Big Three steel producing areas.

The growing pressure from the third world nation producers—many of them admirably equipped with ample supplies of cheap iron, energy, and coking coal—will in the long term have a profound effect upon steelmaking in Europe, America, and Japan. In those three areas prospects for sustained growth in the industry look bleak. There is a recognition that if better business is to be won from rising world demand for steel it will have to come through the manufacture of more sophisticated steel products rather than from greatly increased output of bulk steel.

To meet the rising tide of third world steel production the traditional western industries are going to have to re-shape, re-group, and sometimes slim-down, in ways that would have been unthinkable even in the early days of the current recession.

The general attitude of steelmakers at the moment is that such thoughts as these are for tomorrow — or next week, or next year—and that what counts while trading is still depressed is getting through today.

Three influences are combining to hold the traditional steel industries in some semblance of order while orders remain short and the temptation lingers to score over competitors. They are: first the remarkable resttraint being shown by the Japanese steelmakers; secondly the schemes introduced by Viscount Etienne Davignon, the EEC Industrial Commissioner, in the past year to control prices, production, and trading in the Common Market; and third the U.S. Government Trigger Price Mechanism which was adopted this year as a temporary device to protect the U.S. steelmakers from low-cost steel imports.

All three influences are interacting in a remarkable way. Deprived of any one of them, steelmakers would be entering the winter in a state of confusion instead of with new hope.

## Japanese restraint

Of the three the Japanese behaviour during this crisis year has been of outstanding importance. The Japanese companies have cut steel production by 2.6 per cent and are voluntarily restraining their steel sales into Europe and the U.S. to levels which are low compared with their traditional pattern of business. One consequence of such behaviour is that the Japanese have become irked by the less disciplined actions of some of those they have been willing to help. Mr. Eishiro Saito, president of the Nippon Steel Corporation—the world's biggest steel company—and the man who has done most to orchestrate the Japanese policy of restraint said recently that if Japan can curb her overseas steel shipments by some 20 per cent it is "deplorable" that other countries — he means western Europe—cannot do the same.

He has a point. Strange things have been happening in some markets. For instance, Japanese steel plate has become difficult to get on the U.S. west coast this year, although traditionally the Japanese have supplied a big portion of the market. But Belgian companies have moved in to become the biggest foreign supplier of that product.

Some American steel producers have been sceptical about, and even openly hostile towards the Trigger Price Mechanism, claiming it is inadequate to protect them from floods of European steel being sold in the U.S. at dumping prices. But the evidence is that at least the system is proving partially effective. European steel imports into the U.S. fell by 23 per cent in September. The signs are that European companies are now exporting to the U.S. with much more caution, fearing that the alternative to trigger prices would be activation of serious anti-dumping suits against them.

Meanwhile the Trigger Price Mechanism has enabled U.S. steelmakers to enjoy so far a much better year than they had thought possible. Under its protection they have been able to end price discounting, achieve a general price rise on top of that, and work their mills at 90 per cent capacity to make some badly needed profits.

Mr. Tony Solomon, under secretary for monetary affairs at the U.S. Treasury, who is responsible for administering the Trigger Price Mechanism, has been heard to wonder at the amount of time the U.S. steelmakers expect him to give to the problems of their industry: —"I am responsible for other matters besides steel." When he spoke to world steel industry leaders recently he rammed home the point that the steelmakers of the developing countries will be allowed to compete in the U.S. market against the home industry—as long as the competition is considered fair. He added, however: "The newly emerging steel producers should be subject to the same rules as the industrialised nations—in particular they should not be allowed to dump their steel on our markets."

If only things were as easily managed in the EEC Viscount Davignon would be thankful. During the recession Europe has become the cockpit for cut-throat steel trading.

## Bilateral deals

Using a mixture of muscle and persuasiveness Viscount Davignon has concluded a series of bilateral deals with third nation steel producers to limit sales into Europe while the European industry is operating at crisis levels. But a number of the European steelmakers have repaid him by pushing sales wherever and whenever they can into other European countries (Britain has been the main victim) and into the American market.

The British Steel Corporation and the British Independent Steel Producers Association who have not taken part in this free-for-all have complained loudly and often at meetings of Eurofer, the European steelmakers' association, which is supposed to police the agreement.

The behaviour of some of the Continental steelmakers are starting to attract a wider audience to the embarrassment of those governments and authorities which are concerned with maintaining good order and discipline. Mr. Bill Sirs, the British Trades Union Congress Steel Committee chairman, let fly saying, "I accuse these cheats of trying to wreck the work we have done through the Davignon Plan to keep prices up to a reasonable level so that European steel avoids getting smashed by the slump."

The next phase of the Davignon Plan is the restructuring of the EEC steel industry to make it efficient and competitive for the 1980s. But Viscount Davignon knows the only weapon in his hand is his ability to persuade member governments to put their own industries in order.

The British Steel Corporation is in a more precarious position than most of the other EEC steelmakers because of a series of special problems. It is more than half-way through the most expensive re-equipment programme ever known in European steelmaking. But as yet, it is paying interest on the capital before the new plant begins to contribute.

The corporation has also lost markets in the U.S. this year because of the pressures there against imports, and at home in Britain because of the competition from other EEC steel makers.

The planned British Steel works closure programme drawn up by Lord Beswick, is now nearing its end. Nearly 40,000 jobs have been cut in under four years. But the corporation is still over-manned by the standards of its competitors and, meanwhile, is being reminded of the fact by losses of more than £1m a day.

While the Community needs positive encouragement through the European Commission to restructure the industry, British Steel now needs a new blueprint of its own for a further series of works closures. The new plant coming into commission will provide British Steel with 5.5m tonnes a year of extra steelmaking capacity. That must be matched by corresponding closures if the corporation is to be restored to profit in the 1980s. Corporation officials say they are looking for a "son of Beswick." So far there are no signs that the present Government will be willing to father such a lad.

# MEN AND MATTERS

## Off to the clouds again

Ballooning is a good training for the mining industry, or so I am told by Maxie Anderson, the intrepid American who crossed the Atlantic in a helium balloon in August. His connection of floating amidst the clouds and digging holes underground has nothing to do with aerial photography — though he does claim to have located some deposits of copper and silver from the air. Instead, he says: "In ballooning the only positive planning is the flight plan. The rest is disaster planning. And that is good practice for mining."

Anderson's 12 years as president of the uranium and copper mining company Ranchers have seen sales increase from $0.6m to $35m. But his ballooning career had had its spills. In 1977 his attempt to celebrate the 50th anniversary of Lindbergh's crossing of the Atlantic by repeating the feat came to an untimely end north of Iceland and only 100 miles south of the packed ice.

But this did not stop him from trying again and succeeding. And now he is planning first to join a $100,000 race across the U.S. and then either an aerial Kon Tiki across the Pacific or to emulate Phileas Fogg and balloon around the world—in 35 days' flying time, he forecasts, though he thinks that the stops might cause him to exceed Jules Verne's 80 days.

Anderson came to London for last night's dinner at the London Metal Exchange. Though the trend of copper prices has caused him to curtail operations at one mine he has no complaints about the Exchange's workings in copper, arguing that it is "the world's best market, a good mirror of the world's supply and demand." He suggests, however that it is "hidebound" in the conditions it sets for becoming a member and was a "bit late" in opening the new aluminium contract market. He blamed this delay on pressure from the producers and underlined how nickel producers are staging a campaign against a futures market in their metal.

## Cast out

With the tension eased between Yorkshire Cricket Club and their former captain, Geoffrey Boycott, it seemed safe to enquire whether the Club was planning to join those who have purchased a bronze of Boycott scoring his hundredth century. "It had never occurred to us," club secretary, Joe Lister, commented, adding that he knew of the bronze but expressing surprise that it might be suggested the club should buy it. A boycott of Boycott? "Oh no, there is no decision not to buy it. We have plenty of pictures of him in the members' bar."

Sculptor John Atkins, who is casting a limited edition of the bronze, says that he had a hard job getting hold of the cricketer and that it was in fact easier to sculpt his more usual subjects, African animals.

He says he has now sold about one-third of the 100 casts he is making, none to a rival cricket club. He is not planning to sculpt any further cricketers for the moment. When I suggested he might consider a bronze of Kerry Packer he replied: "I'm not sure if a bronze or a wax figure would be more suitable."

## Gentle monitor

Jordan's third survey of Britain's top 1,000 foreign-owned companies reveals that it is well worth working for them: the top twenty pay an average wage of £3,618 as against the £3,284 paid by the top 20 British industrial companies quoted on the Stock Exchange. They also export proportionately more of their output and on average have lower profit margins. But there are some notable exceptions to this last point.

Of the 1,000 no less than 19 make pre-tax profits of over 27 per cent of their sales turnover. The list of profitability is headed by the Playboy Club (a 46.7 per cent profit-sales ratio), Tampax (43.5 per cent), Lafarge Organisation (42.8 per cent) and Gould Foils (40.5 per cent).

When I asked the Price Commission if these might be considered excessive profits, they explained that firms only have to notify price increases if their annual sales exceed £15m. In fact all but four of the 19 companies with the highest profit margins have lower turnover. The Commission would not be drawn on how it would handle these cases but said that they "could well go to one of our monitoring branches." The profit margins would be only one of the criteria they consider, I was told.

## Hard sell

Did British politics lose its zest and the politicians their quest for the jugular when Jim Callaghan told us that there would be no election this autumn? Many would argue just so.

But in Brazil, it seems that the announcement of elections must be greeted with mass concern. For elections mean two months of officially-prescribed "election propaganda." And this is a far cry from the rugged confrontation of British television studio debates.

On November 15 Brazil's 44m voters have to choose candidates from the pro-government Arena party or the opposition MDB (Brazilian Democratic Movement). As a result since September 15 Brazil's hundreds of local radio and TV stations have been broadcasting a daily two hours of propaganda.

But this propaganda is curious. It has to avoid all the stock in trade of normal politics. There must be no political promises, no criticism of the present government, no emotive images. Instead television screens are filled with politicians in varying degrees of smile or frown. As for the sound track, this consists of tapes for Arena and for MDB played in spurts of a few minutes, for their full 20-minute length or re-run several times without pause during prime time.

Viewers thus merely find themselves exhorted to vote for "Candidate X, father of six, pillar of the church who believes in democracy" or for "Candidate Z, former police chief, who believes in democracy."

The more sensitive candidates, embarrassed by the mass turning off of radios when they start their pitch, (very) publicly announce they are waiving free air time when such vital matters as football matches are on. But in Rio de Janeiro and Recife, capital of Pernambuco state, some relief has been at hand. The electoral tribunals claim there have been irregularities. Political statements and criticisms of the government have actually been made in this "election propaganda."

So now there will be that new Brazilian hybrid, elections with no propaganda. But it will have the unexpected boon of meaning less car crashes too. Taxi commuters complain that while speeding along drivers seem more concerned with tuning their radios to avoid this election propaganda than with steering to avoid the traffic.

## Special recipe

A New York restaurant is giving an outstanding example of American know-how: "We are famous for our luscious 16-ounce steaks. This week, to celebrate our fifth anniversary, each and every 16-ounce steak will weigh eight ounces more."

**Observer**

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# Arab Travel and Tourism

The economic boom caused by the rapid rise in oil prices has seen businessmen flocking to the Middle East in droves and hotels and airlines have been battling to keep pace with increased demand.

## Hotel building boom to meet the rush

By James Buxton

OIL WEALTH has given Arab countries faster economic growth than almost anywhere in the world in the past five years. But for the businessmen who have flocked to the Arab world in droves travel has usually meant hardship and discomfort. Only in the last year or so have conditions really begun to improve, and there are still some glaring gaps in services.

It could be argued that discomfort was a reasonable price to pay in view of the financial rewards on offer in the Arab states. In any case it was inevitable that hotels, airports, airlines, telephones and so on would be quite unable to cope with the size of the influx of businessmen brought on by the five-fold increase in oil revenues, even though some hotels had had low occupancy before the oil crisis. What is interesting is the degree to which gaps have been filled and bottlenecks broken—and the extent to which they still exist.

It is not just the oil-exporting states of the Arab world that have experienced an economic boom. Money has flowed from them to the non-oil exporting countries like Egypt, Syria, Jordan, Tunisia and North Yemen in the form of aid, remittances by workers drawn to the rich countries and, to a limited extent, intra-Arab investment. These states are having their own booms, and in some countries—such as Syria and North Yemen—economic reawakening and liberalisation have aroused interest in developing a tourist industry, while countries like Egypt, Jordan and Tunisia find tourism an essential source of foreign exchange.

In some of the Gulf states eyes are being turned towards tourism for a different reason: the overbuilding of hotels in parts of the United Arab Emirates and Bahrain has created a surplus of beds that may only be filled by attracting visitors to places which were never previously thought to have much tourist potential. Whether attempts to lure expatriates from less attractive parts of the region of the UAE and Bahrain for weekends and longer visits succeed, and whether tourists will make the trip to the Gulf from the U.S. and Europe as they are now, for the first time, being encouraged to do, remains to be seen.

The frantic rush of competitive hotel building in the UAE and Bahrain, involving the large hotel chains like Hilton, Intercontinental, Sheraton and Meridien under franchise arrangements, has not been matched anywhere else in the Arab world, and even in the UAE and Bahrain almost all the new hotels came into operation after the boom had peaked.

The most extreme example is Sharjah, near Dubai, where there are about half a dozen first-class hotels, against just one in operation at the end of 1976, and all with low occupancy. Dubai itself has relatively low occupancy in the main hotels, and there are more under construction, while there are under-utilised hotels in Ras al Khaimah and Fujairah. In Abu Dhabi hotel building was slower to materialise, but the present difficulties of getting a room mask the fact that several new hotels are nearing completion.

Yet Saudi Arabia and Kuwait have managed to avoid the perils of overbuilding. This has meant that the hotel shortage has persisted longer. But it is no longer critical in Kuwait City, Jeddah or Dhahran, though Riyadh still presents problems. In these cities, as elsewhere in the Arab world, it is the top class hotels which tend to be full up while the less luxurious hotels further down the league often have rooms available. In Kuwait the Government was reluctant to issue licences for new luxury hotels after the oil crisis because some previous hotel ventures had run into difficulties; while in Saudi Arabia businessmen seem to have been cautious, bureaucrats sluggish and anyway many other investment opportunities were available.

A combination of investor caution and bureaucratic delays is largely responsible for the fact the crisis at the top of hotel market in Cairo is only now being resolved, while for much the same reasons Amman and Khartoum are difficult centres in which to find a room. State investment in hotels has been slow in Tripoli, Libya and Algiers, but Baghdad now has sufficient hotels and the situation is much improved in Damascus. The ending of hotel shortages is a double bonus for the traveller because the pressure of competition forces hotels and others in the travel business to provide more efficient, friendlier service.

Wealth has enabled the oil exporters to expand the fleets of their national airlines to carry their full share of the traffic to and from the region. Saudia now has more than 50 jets, including several Boeing 747s and Lockheed TriStars while Gulf Air is a big TriStar operator. Other airlines such as Kuwait, Iraq and Libyan Arab have greatly increased their fleets.

But no one could say that facilities on the ground—reservation procedures, passenger handling or ground equipment—anything like match the service now available in wide-bodied jets once airborne. Here management problems have been acute, and airlines are often constrained by the small size and lack of facilities at the airports they operate from in the Arab world.

Some of the more congested airports in the oil states are being replaced—Jeddah, for example—but there are still many overcrowded airports with no relief in sight (such as Dubai), and in places international airports have been built where they are not really needed, as at Sharjah and Ras al Khaimah in the UAE, while Abu Dhabi's new airport, soon to be opened, is beginning to look something of a luxury. But generally where ground handling and airports are concerned the oil states have the ability, even if they do not always use it, to pour in money and hire expensive management where it is needed.

The non-oil exporting countries have also expanded their fleets and several of them—including Syrian Arab Airlines and Alia Royal Jordanian Airlines—operate wide-bodied jets. Other airlines, such as Sudan Airways, have been restricted by the difficulties of obtaining finance from expanding their passenger fleets. But in these countries the national airlines have usually been even less able to provide the ground services that are needed, while there seems only a remote possibility of new airport terminals being built to cope with the enormously increased level of traffic. It is in the poorer countries that other facilities for the businessman, such as hire cars and improved telephone services, have been slower to come into operation.

What wears down the morale of the traveller in the Arab world is often the sheer difficulty of doing things which are so simple in the West—changing an airline ticket, finding out someone's room number in a hotel, sending a telegram. The traveller has to be patient and, if possible, try to drop his Western attitude to time and take life more as it comes rather than try to swim against the tide. It may be the way of life of the Arabs which attracts the independent traveller to take a holiday in the Arab world.

"Holidays in the Arab world are for travellers, not trippers," says a director of Serenissima, which organises select tours with distinguished lecturers to fairly exotic destinations, including Syria, Jordan and Egypt. That statement may not strictly apply to seaside holidays in Morocco and Tunisia but covers almost everything else. Jordan, Egypt, Tunisia and Morocco have established tourist industries with considerable expertise, though in Egypt and Jordan there is a shortage of facilities in most of the main tourist areas. Expansion is taking place and these states are firmly committed to tourism. Tourism in Lebanon, once firmly established, is inevitably moribund because of the troubles and its future is uncertain.

Despite the political relaxation which has taken place in some parts of the Arab world, no other state appears totally committed to developing tourism on a large scale. The nearest to it is Syria, but until many more hotels and restaurants are built the tourist industry will remain very small and there does not seem to be much urgency about completing the programmes the government has set itself: nor is it completely clear what kind of tourists the Government wants to attract, or whether it fully realises the change of attitude that is necessary to make large scale tourism feasible. North Yemen and Sudan are, like Syria, more open than they were to visitors, but in both states plans for expanded tourism are as yet embryonic. But in all three countries the potential to attract tourists is immense and the possible economic benefits substantial.

Algeria can afford not to display much interest in attracting more visitors from abroad and in those Gulf states which are now exploring the possibilities of tourism the main motive is to fill up otherwise empty hotels. Saudi Arabia does not admit tourists at all, reluctant to have more foreigners than are absolutely necessary. It feels that additional visitors would put yet more pressure on a way of life that must sustain itself in circumstances of enormous change. That feeling is not unique to Saudi Arabia, for all Arab states have undergone drastic economic transformation in the past five years, and are afraid of rapid change.

To attract tourists on a large scale means taking a fairly open-minded attitude to foreigners and being prepared to adapt one's way of life to accommodate them. It means taxi drivers having to charge the same price for visitors as for locals, hotels and restaurants maintaining reasonable standards of hygiene, and local inhabitants not using good beaches as dumping grounds for litter. Not every Arab country considers these cultural adjustments necessary, or even desirable. But they are essential to a successful travel industry.

# The problems of finding a bed

MOST BUSINESS travellers to the Middle East have some form of hotel horror story, usually ending with a night spent on a lobby bench or on the floor of some friend's flat. Those days, however, seem to be passing fast. The tale that has been seen in London and the Far East is now being repeated in much of the Arab world. What was, and in some areas still is, a hotel famine story is becoming one of glut in some cities. Anyone who has tried to find a hotel room in Cairo or Jeddah in recent months might find that hard to believe, but in many parts of the area the transformation in recent years has been dramatic.

One of the essential aspects in understanding this change is that many of the names which one sees marked boldly on the exterior of hotel properties these days — Sheraton, Hyatt, Inter-Continental, Hilton, Marriott — are not owners of the properties. They are simply management companies with varying degrees of actual financial involvement. Thus the actual investment decision in many cases has been made by local investors rather than the international corporation itself. Indeed there is often fierce competition to attract the major management companies, such is the day-to-day expertise they can bring to bear and such is the marketing pull they have throughout the world.

Recent expansion of some of the groups involved has been impressive to the degree of being remarkable. Marriott is in the course of a 3,000-room six property building programme and Sheraton is adding ten more properties to its present six in the Middle East.

Fairly typical of the sort of deal being done is that arranged by Marriott for the management of two 300-room hotels in Saudi Arabia. There the properties themselves are owned by a local corporation which reportedly has 40 per cent of its shares held by the Government and the other 60 by private Saudi citizens. It would be usual in such cases for the management company to operate for a basic fee plus a percentage of the gross and/or the profits. There would normally be an agreed annual guarantee to the management company.

Such deals are normally arranged a considerable time in advance of the actual building, and thus the management company is heavily involved in all aspects of the planning and construction. At times the signing up of a major international name for the management of a hotel is an important factor in being able to raise the money to actually build the project. The fly in the ointment at times is that governments in countries which are not oil-rich, and not all Arab-speaking countries are, are sometimes worried about the outflow of hard currency to companies which are based in the U.S., Britain or France. Normally this view is overcome by the argument that a hotel is a net exporting operation and that the management company's take is minor when compared with the total gain in foreign revenue.

Those arguments certainly seem to have worked with Sheraton whose commitment to both oil and non-oil states over the past few years is massive. At the moment these are the hotels under construction: Amman (Jordan), 300 rooms, Abu Dhabi, 300 rooms, Bahrain, 350 rooms, Doha (Qatar), 460 rooms, Hurghada (Egypt), 100 rooms, Heliopolis (Egypt), 700 rooms, Luxor (Egypt), 350 rooms, and Jeddah (Saudi Arabia), 600 rooms. At the same time the company is completing two $10m Nile cruise ships and also extending properties.

Not every company is matching this explosive expansion but in many Arab world centres the hotel building activity is fast and furious. This places considerable strains on local facilities and on the labour pool, pushing up building costs and making the eventual room rates needed to justify the investment somewhat high by international standards. Delays frequently drag out the building time and add to the cost burden. Sometimes fascinating methods are employed to ensure that not too many delays are encountered. The new El Salam hotel being operated in Cairo by the British Brent Walker group was built by Dongsan Engineering of South Korea with large sections of the hotel being shipped in and then assembled by more than 100 South Korean workers working alongside Egyptian labour.

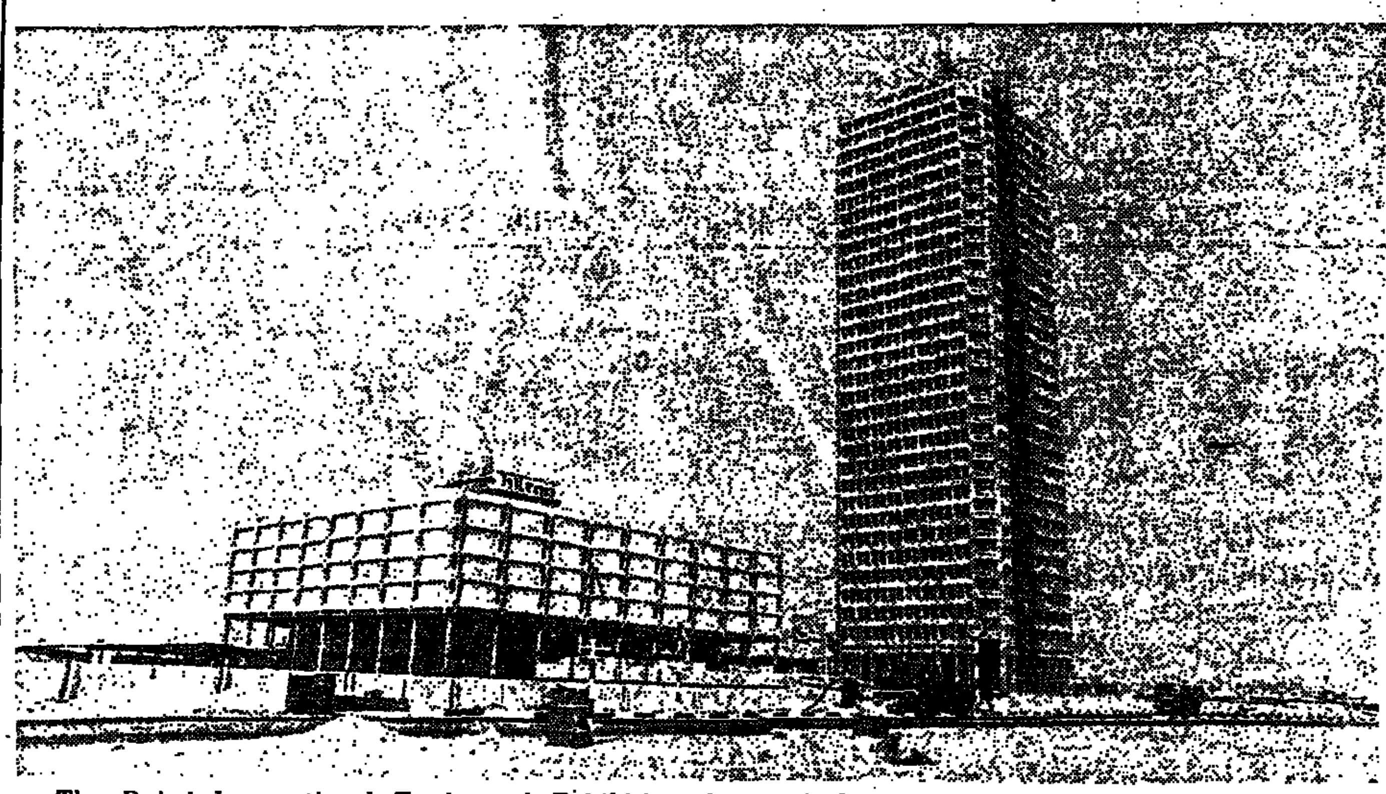
The costs of construction, said in some areas now to be reaching $200,000 a room (in London or New York the figure for a quality hotel would still be less than $100,000), is seriously alarming some investors. Interior designers Dale Keller, who has been involved in dozens of Middle Eastern projects including the interior of the recently completed Damascus Sheraton, is in the midst of a proposal for a 350-room hotel in Jeddah, one of the most expensive places in the world to build. Keller wants to bring in Delcrete (ISI) room units which are built in the U.S. complete with bathrooms and simply connected to a basic structure which is the only part of the project locally constructed. Keller argues that in many parts of the Middle East "as more hotels are built and consumer demand eventually levels out competition could force the rates which can be charged below the economic rate of £1 per room per night per £1,000 construction costs."

There is evidence of this view gaining ground in the area and thus one might expect to see a considerable slowing down of building programmes in the early 1980s. In some fields this can only come as a relief. This is particularly so in the case of staff training. In many parts of the Middle East in particular there is no acceptance of service as being a profession of any honour as it is in parts of Europe and the U.S. and often workers at quite senior levels of such activities as waiting have to be imported — an expensive process since the people often have to be attracted at relatively high salaries and an uneconomic one since those salaries are then often exported to families elsewhere.

Meanwhile the larger groups are starting to look at such pastures as remain ungrazed by western-style hoteliers. Attention which is now focused on the Middle East is switching to such tempting destinations as China now that it too is seeing the commercial benefits that international tourism might bring.

In 10 years' time there may still be parts of the Arab world where the visitor will find himself fighting for a seat in the lobby rather than luxuriating in an air-conditioned room on the 25th floor, but for the moment this is becoming less and less the case.

**Arthur Sandl**



*The Dubai International Trade and Exhibition Centre includes a hotel with 352 bedrooms, an exhibition hall, 500 flats and a swimming pool*

# Appealing to the tourist

FOR MOST of us the difference between a traveller and a tourist is personal — I'm a traveller, he's a tourist—but, for the Arab world the difference is striking. Travellers, those who make their own arrangements and adjust their schedules to passing whims and enthusiasms, have always found this area of the world one of continuing fascination. Tourists, those who often arrive on charter jets, insist on New York cut steaks and sufficient water for five showers daily, are a breed of humanity which the Arab world has traditionally found difficult to handle.

There is, however, no lack of ambition in some areas. The North African coastline is dotted with white-walled monuments to the tourist dollar. Some may see them as tombstones in the graveyard of the Mediterranean's natural beauty, but for others they are the symbol of a new source of currency and employment.

Clearly the most successful in this field have been those countries which are nearest to the tourist generating nations of northern Europe, and the appeal has been to visitors who have grown tired of those traditional hunting grounds of Spain, Italy and Greece and are seeking a little more adventure. The success of the north African nations in attracting visitors is not entirely due simply to those visitors' need to feel themselves near to home.

A crucial factor in the attraction of Eurotourists is the range of such aircraft as the Boeing 737 and the BAC One-Eleven, which tend to be the basic jets of the European fleet. A casual look at air fares and holiday prices will show that once such a jet has to refuel, or goes beyond the point where it can make at least two return trips a day from its base, then the cost of a holiday rises sharply. Tour operators throughout Europe have been keen to find alternative destinations to Spain, if only because none of them are particularly keen to have so much of their product dependent on one source of supply.

However, as many countries have discovered in making their sorties into mass tourism, getting into the business can be an expensive business. Once more we are back to those aircraft. Tour companies and airlines like to keep their flights full, particularly if seat prices are being kept to a minimum. This means that resort areas need hotels which are capable of receiving visitors who arrive 100-200 at a time, which usually means that anyone serious about modern tourism has to ensure that there is an ample supply of 100-plus bedroomed hotels in the medium-price range. Capital investment —including investment in infrastructures such as water and power supplies, sewage and food —is only part of a range of factors which have to be considered and which include the thorny question of offering standards of service at least equal to that available in Spain.

Only Tunisia and Morocco have taken this problem by the horns, most other Arab world nations choosing instead to aim their attractions at more visitors who are looking for more than just sunshine and sand and who are prepared to pay more for such individual attention.

As you head further east so you reach those countries which have chosen the middle road, capitalising on unique historic assets and trying to do well for a regulated number of visitors. The question of whether this regulation of numbers is deliberate or accidental is, of course, an open one. In most cases, and Egypt, Jordan and Iran are major examples, there simply has not been enough accommodation of international tourist standards to handle any sort of substantial increase in traffic. Much of the Eastern Mediterranean was passed by in the late 1960s hotel building boom that so transformed much of the rest of the world—politics bedevilling the investment decisions—and now there is a rush to fill the gap.

Much reference is made elsewhere in this survey to t hotel building boom in t Middle East, and thus c should expect a fairly rapid e to the extraordinary shorta there have been in accomn dation in the area. It wou seem unlikely, however, tl there will be any major fall hotel prices; such is the scale investment involved in many them, or in transportation cos Thus, the longer-haul Ar world areas are likely to main destinations for the disc minating traveller rather th the mass tourist. Certainly th is true as one moves ev further away from the Eu pean population centres do into the Gulf and into the wild fascinating interiors of Yemen and the Sudan. Althou in making predictions the c velopment of a substantial, pr perous and growing intra-Ar world tourist industry shou never be overlooked. There a some areas and hotels whi do not look to Europe or th U.S. for their business to a large degree.

For those that do, howev the recent disturbances international money mark can do nothing but cause co cern. The American dollar still the supreme unit of c rency in international tra terms and no area of the wo which looks to tourism revenue can have watch

CONTINUED ON NEXT PAGE

# Rapid growth in air traffic

AIR TRAFFIC between the Middle East and the rest of the world is now growing more rapidly than any other region, and is expected to continue to do so for at least the next five years. Figures issued by the International Air Transport Association, based on reports from the airlines directly serving or based in the Middle East, which primarily involves the Arab world, show that the forecast average annual growth rate of scheduled international services between Europe and the Middle East up to 1983 is 14.8 per cent, while that for traffic between Europe, the Middle East and western Africa is growing at a rate of about 12.1 per cent. In freight the forecast average annual growth between Europe and the Middle East is about 13.8 per cent Eastbound, and 11.2 per cent Westbound, up to 1983, slightly below the North and Mid-Atlantic level but still very high in comparison with the rest of the world.

These forecasts indicate the phenomenal expansion that has occurred in air transport throughout the Arab world, and in its links with other countries in the past few years, based on the highly favourable economic conditions there stemming from the rise in oil prices since 1973, leading to substantial expansionary development plans in the Arab countries, with the airlines spearheading much of that development. In fact, in many countries of the Arab world today, aviation in general, and civil air transport in particular, is being used as a tool of economic, industrial and sociological development in much the same way as the roads and railways were used in Western Europe and the U.S. in the late 19th and early 20th centuries. This has already led to major expansion by the airlines in the Arab world, all of whom without exception have embarked upon or are planning substantial fleet expansion plans reaching into the 1980s.

There are nearly a score of major airlines in the Arab world, including Air Algerie, Alia Royal Jordanian, Alyemda Democratic Yemen, Egyptair, Emirates Air Services, Gulf Air, Iraqi Airways, Kuwait Airways, Libyan Arab, Middle East Airlines (Air Liban) of Lebanon, Royal Air Maroc, Saudia of Saudi Arabia, Sudan Airways, Syrian Arab, Trans Mediterranean (an all cargo airline), Tunis Air and Yemen Airways. Between them, they have a fleet of more than 250 airliners, including over 190 jets, mostly Boeing 707s or 727s, but including a small but growing number of 747 Jumbo jets (with MEA and Saudia, Iraqi Airways and Syrian Arab), and TriStars (Gulf Air and Saudia). Backing these airlines up is a growing volume of smaller operators, mainly involved in business executive and private transport with small jets or light transport aircraft, and a number of charter and all-freight operators.

Most of these airlines are now in the market for replacement of their fleets, especially the ageing Boeing 707s, and throughout the 1980s they are expected to be among the world's biggest buyers of the "new generation" of jet airliners—either the European A-300/310 family of Airbuses, the Boeing 757/767/777 family of new jets, or the McDonnell Douglas DC-9-80, while there will be also continued substantial purchases of Boeing 747 Jumbo jets and Lockheed TriStars with possibly also some McDonnell Douglas DC-10s, to meet the anticipated continued high growth rate throughout the region and to cover the ambitious route expansion plans that most of the airlines in the area now have.

One of the most significant of these route development plans involves flights to the U.S. Six major Arab airlines have formed a group to study the possibility of an all-Arab operation to the U.S. Kuwait Airways' chairman, Ghassan Al-Nissef, said recently that the carriers included Alia Royal Jordanian and Syrian Air, which already operate a joint service to New York, and Kuwait Airways, Middle East Airlines of Lebanon, Saudia of Saudi Arabia and Gulf Air. Initial results of the study show there is enough traffic between the Middle East and the U.S. to justify such an operation, Mr. Al-Nissef said. The six airlines would consider bringing in other Arab airlines if they wished to participate. Next year would be the earliest that any U.S. operation could be started. Increased tourism from the U.S. to the Middle East is an important factor behind the plan, as are business travel, freight and mail.

The basis for the plan is that neither the U.S. Civil Aeronautics Board, nor the Arab carriers themselves, really want to see a plethora of Middle East-New York routes—the Arab carriers primarily because of the costs involved, while the volume of traffic could not support too many operations. Initially envisaged are two main routes, one from Amman, via Beirut to New York, and the other from the south, perhaps from Kuwait or Riyadh, via Cairo to New York. Initially, Jumbo jets would be used, but certainly MEA, as one of the partners, has ideas for possible eventual use of a Concorde, that would be supersonic for the length of the Mediterranean, then subsonic into France (either Toulouse or Paris) and then supersonic on to New York.

One of the problems associated with the rapid development of air traffic throughout the Arab world has been that the ground infrastructure, in the shape of new airport developments, maintenance and overhaul facilities, air traffic control and so on, has not been able to keep pace with the surge in passenger and cargo traffic. Considerable efforts are now being made throughout the region to correct this situation, and it is estimated that close to £2bn is already either firmly committed or proposed for new airport developments alone throughout the Middle East. While a substantial proportion of this sum—about £500m—is expected to be spent on a new airport at Tehran (which is outside the Arab world although nonetheless an essential part of overall Middle Eastern communications generally), the balance is for new airport developments specifically within Arab countries, with some heavy sums committed or proposed for Saudi Arabia, including about £83m for a new airport at Jeddah, and £165m for the new international airport at Riyadh, with some £350m earmarked or now being spent on other airport developments throughout that country.

If these airport development sums are added to the estimated outlays of more than £1bn that airlines throughout the region are expected to spend on new aircraft procurement throughout the 1980s, it can be seen that the Arab region as a whole is well on the way to becoming one of the most vigorous, as well as one of the most lucrative for Western aircraft manufacturers and other civil aviation suppliers, anywhere in the world.

One of the most prominent airlines in the region remains Middle East Airlines of the Lebanon, which despite some severe vicissitudes stemming from the civil war in that country, remains flying as a viable entity. Mr. Asad Y. Nasr, the chairman, who took over that post recently from Sheikh Najib Alamuddin reported earlier this summer that during 1977 the airline earned a profit of over £(L)20m, and that despite the continued civil strife was continuing to earn profits in 1978.

The airline's current situation is that its traffic is being maintained largely because its route network, passing through Beirut, provides convenient links between many points in Western Europe and the Arab world that no other airline provides. Also, there has been a shift in the balance of its traffic, away from a predominance of European businessmen to a predominance of Lebanese nationals, both business and private citizens, making frequent visits to and from Beirut after having initially left the country at the start of the civil war.

Mr. Nasr remains confident that once the current civil difficulties have been ended, there will be such a major reconstruction task to undertake in the country, coupled with a pent-up demand for travel, that MEA's traffic will surge upwards, and the airline can be confident of good business through the 1980s. In the meantime, it has leased its three Boeing 747 Jumbo jets to Saudia of Saudi Arabia, and is maintaining its operations with its Boeing 707s. But it is also demonstrating its confidence in the long-term future by actively considering a major re-equipment programme, which will involve throughout the 1980s the purchase of up to about 20 new short-to-medium range airliners, to supplement continued procurement of Boeing 747 Jumbo jets. The precise mix of aircraft in its future fleet is not yet settled, as to either numbers or types, but the airline is studying both the European Airbus in its various versions, and the new short-to-medium range 767 on offer from Boeing. A decision on initial purchases is likely to be made before the end of 1979.

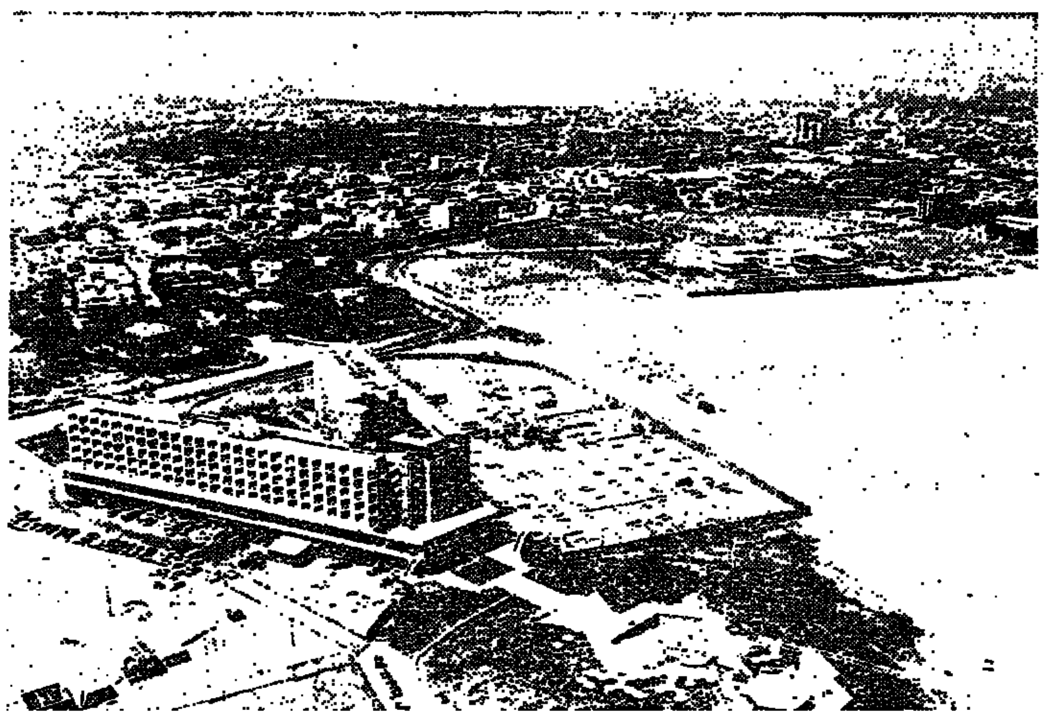
Among other major airlines in the region, Saudia of Saudi Arabia, with a fleet now comprising more than 40 jet airliners of various kinds, including several Jumbo jets and TriStars and 14 Boeing 737s, is one of the largest, with over 10,000 employees. It provides 13 flights a week between London and Saudi Arabia, of which seven are non-stop, and all of which are flown with either TriStars or 747s, while its internal flights link 20 cities in the Kingdom. At Jeddah Airport the airline has just opened a new baggage-handling area, a new Customs control, and a new airport lounge, so that on arrival passengers can be processed through more speedily, and can wait for their flights in greater comfort.

Gulf Air, with over 3,500 employees and a fleet of over 23 airliners, including a number of TriStars, is also one of the fastest-growing airlines in the region, with an average annual growth rate of over 60 per cent over the past three years. The airline makes a particular feature of its Rolls-Royce-powered Lockheed TriStar airliners, with links to London nine times weekly, while throughout the Gulf area it also maintains a substantial business and executive and private transport fleet, including helicopters, for intra-Gulf operations and as feeder-links to its main international services. The airline has some substantial expansion plans, including a route to Hong Kong, besides its participation in the prospective Arab airlines' consortium link with the U.S.

Kuwait Airways with over 2,400 employees, is another of the fastest-growing airlines in the region, with an expanding fleet of Jumbo jets, providing links between Kuwait and several European points, such as London, Rome, Frankfurt and Paris. The airline's recent move from 707s into the bigger 747s has been prompted by the strong traffic growth in the Middle East. The airline is expecting to carry 1m passengers or more in 1978, with a further 15 per cent growth expected in 1979. Traffic gains will determine whether or not the airline buys more 747s, but by next spring its fleet will include three 747s, eight 707s and one 737.

Kuwait Airways also has a fleet re-equipment study under way, according to Mr. Ghassan Al-Nissef, chairman, and it may buy some 727s for regional routes. Among the route expansion plans are services to Bangkok and possibly also Seoul in Korea, and Dacca in Bangladesh. For the immediate future, the airline will continue to use its 707s, and says it is too early yet to decide what interest it may eventually have in such of the "new generation" jets as the Boeing 767 and 777.

**Michael Donne**
*Aerospace Correspondent*



*Manama in Bahrain*

# Tourist

CONTINUED FROM PREVIOUS PAGE

October's depression of the dollar with much enthusiasm. Tourism is highly sensitive to international crises whether they be political or financial in nature. Business travel shows remarkable stability and resilience under such stress, the search for profit being a remarkable driving force, but tourists feel no need to expose themselves to physical or financial problems. The dollar's problems are, of course, a double-edged sword. Not only does a lowered dollar value reduce the flow of American tourists to a destination, but it also increases the appeal of dollar oriented destinations—Mexico, Canada, the Caribbean and the U.S. itself—to the Germans, Scandinavians, Britons and French in preference to high-priced locations.

The long-term performance or Arab world tourism is, however, much more likely to depend on the area's ability to set down a deeply rooted tourist industry. Often nations leap too quickly into mass tourism and suffer the consequences in the form of a consumer reaction to poor services and the lack of back-up facilities. In its early touristic times some parts of North Africa suffered from these difficulties and found the number of repeat bookings low when compared with other resort areas. Tourism is a business which requires long term dedication and planning and the movement from dealing with the classic traveller to the charter flight tourist of today is a massive one. It is a step which is increasingly attracting parts of the Arab world.

**Arthur Sandles**

# ARAB TRAVEL AND TOURISM IV

# Coping with the businessman

THE BREED of Western businessmen who first went to the Arab world after the oil price rise of 1973-74 will soon be looking back on those early years with a mixture of grim recollection and affection, much as men look back today on the Second World War.

Elbowing aside like a bunch of remote World War One veterans that relative handful of businessmen who knew the region before the great watershed, they will tell their children of the horror of nights spent on the floor of hotel lobbies, the fury of being thrown off over-booked flights clutching valid tickets, and the joy of making a successful telephone call in Cairo.

The sudden flood of businessmen into the Arab world after the oil price rise was very much like a gold rush, and it is not surprising that the region could barely cope with it.

In the oil exporting countries it was a seller's market and either the facilities for visiting businessmen were not there and could not instantly be created—such as sufficient hotels and adequate telecommunications—or there was little incentive to provide them, in the case of such things as good food, helpful service in hotels and restaurants, and acceptance of credit cards.

In the oil-exporting states there was sufficient capital to meet the need for new hotels, and though there are still hotel shortages in Saudi Arabia and Libya there is over-supply in several of the Gulf states, which puts the consumer for the first time in a reasonable position. The businessman is at last discovering a service approaching that which he could expect in most other parts of the world.

But he is still likely to encounter difficulties in the non-oil exporting states where capital is less plentiful, bureaucracies more entrenched and Governments face more pressing priorities.

Cairo, Damascus, Sanaa, Khartoum—here, though, conditions are gradually getting better, those who supply services have a decided edge on those who demand them.

Travel agents can now play a far more effective role in smoothing the business traveller's path than they could in the years immediately after the oil price rise, when hotels frequently ignored their telexes and disdained their vouchers.

Many travel agents arrange for businessmen to obtain visas, and in London they are supplemented by consular services to deal with these problems.

Most Arab consulate procedures for issuing visas have greatly improved—the Saudi consulate in Belgrave Square being a good example—and, for the UAE, British visitors now no longer need visas at all.

As Arthur Sandles describes in another article on specialist services, travel agents can almost always obtain hotel accommodation in the Arab world, often putting the visitor in one of a block of rooms which they rent permanently from the hotel. In places such as Sharjah and Dubai where there is a big surplus, they can now offer travellers a discount on hotel rooms.

If you do not deal through a travel agent it is essential in places where there is any danger of hotel rooms being short to have your reservation confirmed in writing and, in addition, have it re-confirmed by someone on the spot, since hotels can often quibble over reservations, especially if the traveller arrives late.

Where there are enough hotels, healthy forces of competition have obliged once surly and obstructive hotel staff to become smiling, helpful and efficient. Telephone operators in particular have become far better in many places, mainly because the systems they have to deal with have improved.

Broadly speaking, telephone services in the Gulf states are fairly good, though in places, such as the U.A.E. and Oman, there are still bottlenecks (for example between Dubai and Sharjah).

Saudi Arabia has moderately good city services, considering the phenomenal growth rate, but poor inter-city connections.

In North Yemen, the telephone system is tiny and run down, and inter-city calls barely possible (there is only one line between Sanaa and Hodeida).

## Telephones

Telephones in Egypt are notoriously bad while those in Sudan, once good at least within Khartoum, are declining under increasing pressure.

Telephones in Tunisia and Morocco are generally good, but the Algerian system is congested, especially in Algiers itself, though it has greatly improved in the past two years. Syria and Jordan have reasonable city services, though less satisfactory inter-city, and external calls from Syria can be difficult. Iraq has good city and inter-city links, and many overseas calls can be dialled direct.

One of the better features of travelling in the Arab world is the enormous number of taxis available for journeys in town and for trips from city to city. The drivers are not always safe, the cars rarely comfortable, but there are enough of them and they take you quickly to your destination, traffic permitting.

But for anyone who knows his way around town it can be less irksome (and save the need to bargain over the fare) to rent a self-drive car or rent a good car with an experienced driver.

Car hire operations are spreading across the region: Avis now operates through licensees in eight Arab states: Egypt, Jordan, Kuwait, Lebanon, Morocco, Saudi Arabia, Oman, Tunisia, and UAE (though in Saudi Arabia it operates only in Jeddah). Avis would like to set up licensees in Iraq, Libya, Qatar, Sudan, Syria and North Yemen.

Money has largely ceased to be a major problem in the Arab world (except that you need prodigious amounts of it to contemplate visiting it at all).

In the initial years after the oil price rise, hotels which accepted credit cards were few and far between, mainly because they could get their customers to pay in cash or travellers cheques.

Vast quantities of travellers cheques had to be taken to the Arab world, and the traveller who did not have enough money had to obtain more from home by means of telex transfer to a local bank. That could and still can be a laborious process, not just because the transfer could take a long time but because in many banks the process for collecting money can be agonisingly slow.

Now telex transfers should not take more than 24 hours if the sending bank has the testing code of correspondent in the region—if not it may take three days.

American Express and Diners Club credit cards have now penetrated to all major cities in the Arab world, and it is fairly rare to find a good hotel which will not accept a credit card.

Iraq is the only Arab country where American Express has had difficulty operating.

But despite the growth of credit card outlets it is still advisable to take several hundred pounds in travellers cheques, partly because of the high cost of living and partly to guard against contingencies.

Thomas Cook believes its cheques to be the brand leader in the region. Cheques are usually better cashed at money-changers where these exist legally rather than at banks or hotels, because banks (except the branches in hotels) are slow and hotels charge commission, often as discouragingly high rates; money changers, on the other hand, are highly efficient, fast and offer good rates.

Shopping in the Arab world is fun and usually rewarding, though the businessman may find after a few trips to the Arabian peninsula that he h[...] exhausted the possibilities [...] buying craft items and that [...] quality, for the prices charg[...] is moderate.

*A money dealer in the Jeddah Souk*

There are of course go[...] things to be found, especia[...] jewellery in places like San[...] in North Yemen, and Nizwa[...] Oman, but they are becomi[...] more rare.

The shopper in Arabia mi[...] be better off turning his att[...] tion to possible bargains in [...] photographic and electro[...] goods sections of the mark[...] always remembering to [...] duty when he returns [...] Europe. But the souks outs[...] Arabia—in, for example, Dam[...] cus, Aleppo, Cairo and Mar[...] kesh—have a far wider ra[...] of goods, workmanship is bett[...] prices more competitive, a[...] shopkeepers readier to barga[...]

Undoubtedly one of [...] remaining bastions of hassle [...] a fast-improving Arab world [...] the airline office where [...] businessman arranges his [...] ward journey or return to ba[...]

Certainly there have be[...] enormous improvements in [...] line customer services in [...] past two years: it is far ra[...] for a passenger to be boun[...] off a flight when he has a va[...] ticket, partly because there [...] now much more capacity av[...] able; and one of the wo[...] journeys in the Arab worl[...] that between Jeddah [...] Riyadh and vice versa—[...] become more tolerable and [...] system for obtaining a s[...] generally functions fai[...] smoothly.

Yet for the most part [...] downtown offices of airlines [...] too small, crowded and conf[...] ing, and the system by wh[...] seat reservations are made [...] too often inspires little co[...] dence that a passenger's na[...] will end up on the manifest.

There are many tales of K[...] kaesque experiences w[...] Syrian Arab Airlines' m[...] office in Damascus, Saud[...] downtown office in Riyadh [...] Sudan Airways' downtown of[...] in Khartoum.

## Squeezed

One of the more biza[...] experiences of flying in [...] Arab world is to be told tha[...] flight is fully booked and t[...] you can only be squeezed on [...] "absolutely the last passenge[...] and then to find that the ai[...] plane takes off half empty.

The other feature of air tra[...] in the region which travell[...] hate is the congestion at [...] ports. Almost all of them [...] facilities designed to han[...] much smaller numbers [...] people and can only just co[...] In the richer states, relief is [...] the way as new airports [...] usually under construction; in the poorer ones there see[...] to be little relief in sight [...] discomfort and chaos.

It is a good idea for fr[...] trated travellers to realise [...] reasons for the problems t[...] meet in the Arab world. C[...] plaining will almost certai[...] achieve very little and there [...] everything to be gained fr[...] being polite, friendly [...] patient.

The perceptive businessm[...] will learn lessons about [...] economies of the Arab countr[...] and the behaviour of th[...] inhabitants—information wh[...] should help him enormously [...] his business dealings.

**James Buxt[...]**

# Specialist assistance

THE DEVELOPMENT over recent years of specialist help for the business traveller has nowhere been stronger than in the field of assistance to those going to the Arab world. It was, of course, in this field that assistance was most seriously needed. Suddenly an area which had been largely ignored by international business became a focal point for investment as well as commercial and financial activity.

Unfortunately, the business visitors found themselves in a world which was deeply culturally different from that in which they normally operated, and one in which for once the local community saw no particular attraction in adopting many of what they saw as less desirable western practices. To Europeans and Americans accustomed to the practice of commercial colonialism this cultural independence came as a shock. They found themselves in a world of different languages, different writing, different business approaches and different social practices.

All that was written in the past tense because recent years have seen a development of mutual understanding and respect. Many travel agents I have spoken to in recent weeks say that the European businessman visits the Arab world with much more confidence than he did five years ago and shows considerable sophistication in knowing what to expect where, rather than attributing the whole area with some misconceived generic aura.

Business travel agency work is such a specialised trade these days that increasingly companies in it are locking themselves away from general public gaze and selling such things as package tours only to their business clients who ask. Large groups such as Thomas Cook and Lunn Poly have hived off their business travel houses into self-contained units and many of the large business travel agencies are scarcely known to the general consumer.

One of the major drives in recent years behind the growth of these operations in the Middle East at least has been the shortage of hotel rooms. An agent with a pre-arranged basic allocation of rooms is clearly a valuable friend when such accommodation is at a high premium. But there have been other reasons for business reliance on such specialised help. Travel arrangements in the Arab world often have to be flexible. The finalising of contracts can be a lengthy if rewarding experience, and the business visitor who can alter his arrangements in order to accommodate the often exhausting completion procedures in the Arab world who may eventually end up with the deal. Agencies frequently have on-the-spot representation able to handle sudden changes in trip plans.

But the help does not end with the simple writing of tickets and booking of rooms. I was delighted by the Thomas Cook warnings to its customers not to turn up late to a meeting with an Arab business contact and then compound the offence by being casually dressed and expecting to finalise the deal in a few minutes. Of course, agents are not the only source of such help. The Department of Trade's Export Services and Promotions Division (Export House, 50 Ludgate Hill, London EC4M 7HU) has Hints for Businessmen leaflets on many individual Middle Eastern countries.

**A.S.**

## The Gulf

# Severe obstacles

*A vegetable market in Abu Dhabi*

TOURISM in the Gulf seems to face almost insurmountable obstacles. Air fares are high and hotels are fiercely expensive, while most states are suspicious of anyone visiting the region who is not a businessman.

When most Gulf centres had crippling hotel shortages tourism was out of the question. But now, as a result of the over-building of hotels in many cities, occupancy rates may be 20 per cent or less, businessmen are being offered discounts, and the possibility of filling rooms with tourists has suddenly become attractive.

The hotel surplus is worst in the United Arab Emirates: Sharjah in particular is a hotelier's nightmare with half a dozen fine hotels where the most skilful manager can rarely achieve more than 30 per cent occupancy, while others suffer rates as low as 12 to 15 per cent. But these hotels are either on fine beaches with good bathing or on sandy lagoons, and the quiet atmosphere of the place is attractive after the bustle of Dubai.

Sharjah was the first Emirate to consider tourism but so far its ambitious schemes have not got very far. Holiday villas have been built on the lovely east coast of the Emirate at Khor Fakkan on the Gulf of Oman, and a 180-room Holiday Inn hotel is to open there next March. Down the coast at Fujairah, in the Emirate of that name, a Hilton stands little occupied during the week, but with rather more trade at the weekends when people come up from the bleaker west coast cities of Abu Dhabi and Dubai. In the north of the UAE an Intercontinental is being built at Ras al Khaimah, which, though a centre for light industry, also has a fine creek and attractive old buildings.

The hotel surplus is less acute in Dubai, the trading centre of the UAE, though in the last 12 months it has gained a Hilton, a Sheraton and half a dozen lower-priced four star hotels. Construction is still going ahead on the Plaza Corniche hotel to be managed by Hyatt, part of a complex which is to contain an ice rink and sports facilities. Three more hotels are to open in the next few months on the outskirts of the city.

Abu Dhabi, as the richest emirate, is still experiencing floods of businessmen and government delegations, and subsequently still has the most healthy hotel occupancy rates, partly because it has been slow to build new hotels. When the Hilton opened its Dalma Residence only a month ago, occupancy jumped immediately to the 60 per cent mark. However, an Intercontinental, a Meridien and a Sheraton are under construction.

If there is a market for the spare hotel beds in the UAE and elsewhere in the Gulf it should be found partly among expatriates living in the region who want to get away from drearier places like Dhahran or Riyadh for a change of scenery, beaches and the chance of an alcoholic drink; and partly among visitors from the U.S. and Europe who might be attracted by the romance of Arabia—"up-market country collectors, desert freaks and camping nuts," as one travel agent puts it.

The theories are now being put to the test: the company Yusuf bin Ahmed Kanoo is for the first time promoting in the U.S. tours combining several centres in the Gulf, including Bahrain, Doha in Qatar, Dubai and Abu Dhabi, with the possibility of side trips into the desert and other diversions. The capacity is thought to be for about 2,000 tourists during this winter, but it has yet to be seen whether the idea will bear fruit.

Yet it is striking that few hoteliers in the UAE are yet showing much enterprise in marketing their hotels for the regional weekend visitor. There seems little desire to provide some of the amenities such visitors are certain to want, such as boat trips, diving facilities and fishing. There appears to be little move towards any mass lowering of hotel prices, with most hotel owners apparently determined to keep to the high prices that appear, at least on paper, to offer a possibility of recovering the costs of hotels for which virtually everything from carpets to apples has to be imported. However, the hotels are now beginning to court travel agents in Dhahran and the travel department of Aramco in Saudi Arabia.

One drawback to tourism has now been removed in the UAE: it is again possible to obtain visitors' visas easily; the American and British visitors do not need visas at all for a month's stay. But at the same time it may be indicative of attitudes that the federal Ministry of Information and Tourism has now become simply the Ministry of Information, while officials in the northern emirates show little eagerness to protect their Arab heritage and preserve their old souks or maintain local crafts. "It will all look like Cincinatti, Ohio, before long," one travel agent commented sadly.

### Heritage

Oman, just across the border, has preserved far more of its heritage and, of course, had far more to preserve. It could be the jewel of any Gulf tour but so far Sultan Qaboos has been hesitant about its development, fearing for the effects tourism might have on his people and reluctant to allow in too many strangers. But its hotels are beginning to suffer the same occupancy problems as those of the UAE; the downturn in trading and the difficulties of entering the country have not helped such ventures as the Government's new Intercontinental. Recently Kanoo of Bahrain secured permission to bring in the first small group of tourists, sponsored by the Intercontinental, who will make a trip by dhow from Muscat to Sur, then camp in the Jebel Akhdar.

Bahrain, however, is going all out to become the pleasure island of the Gulf. A leading local merchant, Jamil Waffa, has recently formed a hoteliers' association to jointly market the island, and the Government has recently established a tourist information department. Bahrain is featured with other Gulf stops in the brochure of a number of leading U.S. tour operators this year. One organised by Traveluxe of New York costs $1,490.

The island's hotels have taken the lead in promoting Bahrain as a holiday place for the weary expatriate living in the eastern province of Saudi Arabia, and negotiations are under way with the travel department of Aramco to fly in employees for a week of relaxation, not to mention alcohol.

Bahrain will see a tripling in the number of first class hotel rooms which will be available in the next two years. The island already has about 1,500 first class rooms available.

Kuwait and Qatar are the only two States which have no pretensions to a future tourist trade. The Qatari authorities are also in the process of re-negotiating the contract for their new 350-room Sheraton, whose construction was halted at the end of last year. A dispute arose over the final cost of the project, which the Government thought should be 30 per cent lower than outlined by the contractors. However, the project is still going ahead, and a new contractor is expected to be announced very shortly.

Kuwait has not gone in for large-scale hotel building and despite the continuing high demand for hotel accommodation, only a few major projects are under construction while some were cancelled. With 800,000 visitors coming in and out of Kuwait airport a year, the existing hotels can still ask for such rates as £50 a night for a single room, and even then local travel agencies still recommend as much as a month's notice in advance to be sure of getting a room.

The only expansion in the number of rooms currently on the horizon is the massive 600-room hotel complex managed by Meridien and owned by the Salhiyeh real estate company, and the 120-room extension at the Sheraton which is due to open shortly.

To cope with the chronic situation, and as happened in the lower Gulf two years ago, a cruise liner is being brought in to cope with the demand. The former "Stella Polaris," once used for wandering around the Greek islands, will be managed by Marriott Hotels.

If the private sector has been reticent about such investment, the Government has not, for the Kuwaiti authorities are anxious to improve recreational facilities at home. Through its 92 per cent shareholding in Touristic Enterprises, four beach clubs and two seaside chalet resorts are being built. First to be opened will be the Falaka island complex of 472 chalets, with supermarkets, swimming pools and restaurants. Its owners are hoping that residents will be tempted to stay during holiday periods there, and say the rates will be cheaper than the hotels. Their next largest project is Mina Saud, 50 miles south of Kuwait City, which will have 760 chalets and a marina for 200 boats.

But for the moment, as all Gulf hoteliers realise, businessmen are still their bread and butter. Ironically, the same boom that brought those intrepid travellers in the beginning, has caused over-investment which is so especially apparent in the lower Gulf. Travel agents may say that prices must come down, but so far they have shown no sign of doing so. Neither have the high airline fares to the area. When an Indian businessman recently proposed an £80 single fare to the Gulf and managed to secure traffic rights from tourist-hungry Sharjah, the national airline, Gulf Air, was quick to object.

**Kathleen Bishtawi**

## Egypt

# Peace will lead to prosperity

OFFICIALS IN the Egyptian Ministry of Tourism, and many of their countrymen, are already looking forward to the prosperity they believe will come in the wake of the Camp David meetings.

"We're expecting a boom after the peace settlement," says Farouk Abou Seada, managing director for operations in the Egyptian General Company for Tourism and Hotels, "not just in tourism, but in everything."

Tourism is one of the cornerstones of President Anwar Sadat's open door economic policy to attract Western and Arab investment. According to Government figures, Egypt last year earned $648m from tourism, making it one of the countrys main sources of hard currency.

During the regime of former President Gamal Abdel Nasser, says Mr. Seada, tourism was not promoted, "but now, the whole world wants to see Egypt."

First class hotels are owned by the Government, but managed in many cases by foreign companies, and, to encourage foreign investment in tourist projects, Egypt offers a five-year tax exemption period.

Tourism officials believe the financial return from tourist projects is quicker than from heavy industry, making them profitable outlets for foreign investors, and that such projects will create new jobs for Egyptians.

The Government has allocated $1bn in a five-year development plan to build new hotels and renovate old ones. By 1982 it is hoped that 1.7m tourists will visit Egypt annually, about 700,000 more than in 1977, and that the number of hotel beds will double, from 20,000 to 40,000.

First class hotel accommodation is still hard to find and travellers from the U.S. and Europe are often warned by travel agents they may not get a room in Cairo, where five-star hotels are 98 per cent occupied throughout the year.

That situation may be relieved somewhat, says Mr. Seada, with the 330-room El Salam Hotel, which opened recently. It was built by the British firm Brent Walker. A new Sheraton Hotel is due to open early next year, making 700 rooms available, in Heliopolis, just outside Cairo.

Also as part of the five-year plan, Cairo's Hilton Hotel is being expanded, while along Egypt's magnificent Red Sea coastline camping sites and chalets are currently under construction.

### Temples

In Luxor, about 680 miles south of Cairo where thousands each year explore the tombs and temples of the ancient Egyptians, Sheraton is planning to build a new 400-room hotel.

And on the Nile, four floating hotels are planned to ply between Luxor and Aswan, two of which will begin early next year and two in early 1980.

So far, according to Hamid Abdel-Meguid, Secretary of State for Tourism, construction is moving ahead according to schedule, although he says there are delays caused by shortages in building materials. By the end of this year, Mr. Abdel-Meguid predicts, the country's hotel capacity will have increased by 2,000 rooms.

The Ministry of Tourism is no longer accepting construction proposals for five-star hotels, officials point out, and will now concentrate on more modest three- and four-star projects, as Egypt is trying to make its Islamic and Pharaonic treasures more accessible to younger, middle-income tourists.

"Most foreign investors are interested in five-star hotels," Mr. Seada says, "but we are trying to convince them that three-star hotels can be just as profitable and efficient."

For years Egypt has been most readily available to older, affluent western tourists who come in large groups and travel from Cairo to Aswan, staying in first class hotels, according to a prearranged tour. The number of independent tourists, who make their own arrangements along the way, has been small.

"We're now trying to prepare for middle-income, individual travellers," Mr. Seada explains, "so that a tourist can rent a car in Cairo and drive by himself all the way down to Aswan."

En route, according to current Government plans, a motorist will find inexpensive motels and restaurants and, should they prefer not to drive, buses will be available to individual tourists who wish to make the trip on their own and not part of an organised guided tour.

But as the Government rushes to meet the objectives of its five-year plan, some worrying signs have appeared this year in tourism. The anticipated increase in the number of visitors has failed to materialise, principally because Arab tourists from those countries opposed to President Sadat's peace efforts have stayed away in large numbers. Arab visitors annually contribute the biggest share to Egypt's tourism revenue.

Recently released figures from the Minister of Tourism show that 663,000 tourists had visited Egypt between January 1 and the end of August this year, almost 10,000 fewer than in the same period last year. Revenue from tourism in the first seven months of 1978 increased, but only by 3 per cent.

Ministry of Tourism officials say they are not alarmed, although it is clear that any sustained drop in Egypt's tourist trade would deal a serious blow to the country's development plans.

Ramadan, the Islamic holy month during which Moslems fast from sunrise to sunset, was in August this year, and, according to Mr. Seada, many Arabs who traditionally visit Cairo at this time preferred to observe the fast in their own countries.

Other officials point out that big spending Saudis continue to visit Egypt in large numbers, as do Americans, 92,000 of whom have so far visited the country this year, a 30 per cent increase. And with Egypt's popularity among British, French and West German tourists, who usually arrive in October, November and December, they are confident that the losses in the Arab trade can be overcome by the end of the year.

**Nathaniel Harrison**

## Morocco

# Something for everyone

A RECORD 1¼m tourists visited Morocco last year, an increase of nearly 24 per cent over 1976, and the upward trend continued this year with a further increase of nearly 14 per cent in the first six months.

Officials believe this means Moroccan tourism is out of the trough caused mainly by the European recession. The number of visitors rose steadily until 1973 then declined for three years, but since last year it seems a distinct recovery is evident.

Consequently tourism is the third biggest foreign exchange earner after phosphates and remittances from emigrant workers in Europe. Revenue last year rose 24 per cent to about £192m.

Moroccan workers in Europe, who sent home £340m in remittances last year, also accounted for half of the increase in tourism. They arrive mainly in summer for Moslem religious holidays. Last year there were 364,000 of them compared to 204,000 the year before.

Thus they were more numerous than French visitors (290,000) who have always represented the bulk of tourists in Morocco, after Arabic, a French-speaking country and where the vast majority of facilities cater to French tastes.

However, apart from transport utilities returning workers do not represent a big clientele: for the hotels and vacation villages which are the backbone of the tourist trade for the French, Spanish, American, British and German visitors are, in that order, the most important.

The spread of tourism throughout the year is very uneven. The peak periods are the summer months of July and August when it is hard to find accommodation in resorts like Tangier and Agadir which attract large numbers of northern Europeans seeking sun, sea and sand.

There are other small peaks in winter, at Christmas and New Year and at Easter, at which times it is very hard to find a hotel room in Marrakesh, one of the "in" places to be for the wealthier class of tourist, or down in the sub-Saharan oases like Zagora, Erfoud and Quarzazate.

*The beach at Tangier*

Between these peaks there are relatively slack periods during which there is a fairly regular flow of charter groups spending five or six days or long weekends on rapid tours which are pretty cheap. In these periods too there are significantly increasing numbers of Moroccan local tourists who are offered cheap weekends in mountain resorts like Ifrane, Ketama and Chaouen for example.

Despite the progress of the last two years or so tourism has definitely been below official expectations. The total number of tourists was 25 per cent below the 1973-77 Plan target. Hotel construction was far below the Plan target with 15,500 new beds compared to 50,000 that were planned.

The same trend was apparent in plans to train Moroccan tourist trade specialists. There were only 1,731 graduates from tourism schools when it was hoped to have 3,460 at the end of the five-year period.

Under the Plan a total of £84m were invested in tourism and by the end of 1977 there were 51,000 beds available, plus 11,000 places in equipped camping grounds. Another 15,600 beds were under construction at the end of the Plan and at present this figure has risen to 18,000 so that at the end of next year there should be 70,000 in all.

Future plans are not known with precision because the new five-year Plan due to start this year has been scrapped as being too ambitious. A three-year "transitional" plan and period of austerity have been substituted, but tourism will continue to get a high priority because the principal objective in the short term is to increase foreign exchange earnings to rectify a chronic trade deficit.

Private enterprise plays a large part in the construction and management of tourism facilities, particularly hotels. At present for example of the 18,000 beds currently under construction about 62 per cent of them or 42 per cent of the total investment are the work of private companies.

The Government's participation in the current programme is 16 per cent of the investment while the share of "mixed" public and private companies is 42 per cent. In general the Government tends to build in outlying areas like Oujda, Tiznit; Khouribga and Tan-Tan which are not big tourist attractions and hence not considered economic by private enterprise.

A special Investment Code for the tourist trade provides a series of inducements or advantages for investors, foreign or national, in the sector. For foreigners, who at present account for about 12 per cent of the total investment in tourism, the Code allows 100 per cent foreign ownership whereas in commerce and industry the maximum allowable is 50 per cent.

Under the Code tourism investments enjoy a 10-year licensing tax holiday, a five-year profits tax exoneration, a products tax waver for new equipment, and guarantees for the repatriation of capital and dividends.

### Incentives

There are also financial incentives, including a two-point interest rebate on loans from the Crédit Immobilier et Hotelier (CIH), a Government agency, and an interest-free advance of up to 15 per cent of the total investment from the CIH, reimbursable in 10 years with a six-year period of grace.

The CIH is in fact one of the major locomotives for the tourist trade. In the last five-year plan it made loans totalling £46m for the construction of 12,000 beds. £15m in 1977 alone, plus £680,000 invested last year in tourism transport.

CIH finance has been used to set up hotel management companies like Farah-Maghreb which runs 12 hotels totalling 4,150 beds and the Morocco-Kuwait Development Company which is currently active in 32 projects for a total investment of £26m.

Apart from companies like Hilton, the National Railways and the Club Méditerranée (which has 4,420 beds in seven vacation villages in Morocco), there are a number of hotel management companies like the French PLM company, Diafa (18 small hotels), Safir (which operates big hotels in Casablanca, Tangier, Agadir and Marrakesh), Maroc-Tourist (eight hotels) and Appart-Hotel which has four hotels in Agadir.

A new company called Sidetsa plans to build six new hotels totalling 790 rooms in the Sahara ceded to Morocco by Spain in 1975, but in general most new developments are in the traditional tourist centres like Agadir, Fez, Marrakesh, Tangier, Casablanca, along the Mediterranean coast and in certain mountain areas.

Morocco's ancient cities, especially Fez and Marrakesh, will always remain the major poles of attraction for American and European tourists looking for the complete change of scene to be found in their mediaeval settings. They have been so for 50 years or so, but there is a marked new trend towards the creation of "integrated tourist complexes" which are glorified vacation villages and designed for lower budgets.

The two main ones are the Tangier and Agadir Bay Complexes comprising hotels, villas, apartments, marinas, shopping centres, camping sites and sports facilities of all kinds. Tangier is being designed mainly as a summer resort, while Agadir, which claims 300 days of sunshine a year and is on the same latitude as Florida, is being made into a year-round seaside resort.

Morocco feels it has something to offer almost every kind of tourist from the low-budget camper to the well-heeled American who demands five-star trimmings with his date palms and camels. And in all categories officials maintain their prices are still very competitive compared to Europe.

**Stephen Hughes**

## North Yemen

# An adventurous spirit is an essential asset

TRAVEL IN North Yemen is more rewarding than in most of the Arab world. Not just because it is a dramatically beautiful country of mountains and green valleys, of superb villages and tower houses and with the most equable climate in Arabia; it is also because tourist development has only just begun so that the visitor has far closer contact with Yemenis than he usually has with the local population in any other Arab country.

To visit the country as a tourist it is essential to be adventurous. This is not a place for the lover of luxury: only three cities—Sanaa, the capital; Hodeida, the main port on the Red Sea, and Taiz, in the south—have western-style hotels, and they are heavily booked up and very expensive indeed. Though there are places to visit on day trips from all three centres the hire of a Mercedes and a driver can cost well over $100 a day. People visiting the country specifically as tourists (as opposed to visiting businessmen taking a day or two out of a business trip) usually go either on organised tours or, having arrived on a cheap air ticket, travel independently.

The organised tours are a good deal more exciting than they sound. They usually involve the occasional night in good hotels, but most of the time they rove the country in Toyota Landcruisers and camp at night far from the beaten track. From the UK, it costs £664 for a 16 day visit. If you travel independently, as I did with my wife last year, you can either ride in the shared taxis which ply between towns and villages or you can hitch-hike, which is easy if nerve racking. Virtually every village has a very simple hotel, consisting of a series of rooms each containing half a dozen beds or just mattresses.

The view and the crisp air first thing in the morning will more than compensate for the often grim washing facilities and, occasionally, the problems of getting good food. Staying in the villages teaches more about the Arab world in a few days than a year in an air conditioned hotel.

Tourists only started to go to North Yemen during the 70s. It is estimated that in 1975 about 12,000 tourists visited the country and it is thought that about 17,000 visited last year, spending an estimated $7m. Some 25,000 are expected next year. This is the very small base from which tourist evelopment in the country must start.

As the Government sees it the most obvious limit on the number of tourists is the lack of good hotel accommodation — Sanaa has only about 450 rooms in hotels that most westerners would find acceptable, and Taiz and Hodeida many fewer. But with new hotels under construction the number of rooms in Sanaa should double in the next year and new hotels are being built in the two other cities. Even so with the growth of business there may still not be enough hotel space to accommodate tourists at reasonable rates, especially as hotel prices are unregulated.

### Advantages

The Yemen government is aware of the advantages of developing tourism both as a means of earning foreign exchange and as an industry to provide employment. The country's current five year development plan includes a proposal for building tourist villages at some of the main tourist sites (including the Red Sea coast) and, as a matter of second priority, creating a hotel staff training centre.

But tourism has in general not been accorded high priority in the plan. Consultants point out that to accommodate tourists in large numbers there should be a programme for upgrading the small village hotels and restaurants; drafting and enforcing a code of minimum standards for hotels; drawing up an investment incentive law for the private sector; tailoring handicraft production to tourist needs; establishing agricultural schemes for feeding tourists; and so on.

Such a plan would have to match Yemen Arab Republic's determination to preserve its traditional way of life, to maintain ancient buildings and to continue using traditional architectural styles—which means preserving the chief reasons for visiting the country. But the old Yemen is inevitably being eroded as an uncontrolled flood of money pours into the country in the remittances of Yemeni workers in Saudi Arabia, and it is not certain whether the Government really wishes to see the hundreds of thousands of visitors a year which tourism organised on the scale of Jordan or Egypt would entail.

The Government may also be conscious of the difficulties of developing tourism on a large scale while inflation rockets, labour is short and Government control of the economy shaky. Even if the authorities wanted to, one wonders if in one of the least governed and least developed countries of the world it would at this stage be possible to implement a large scale tourism development plan successfully. It may well be that for now the country's tourism potential will not be fully exploited and that the country will retain its appeal to the explorer.

**J.B.**

## Algeria

# Varied attractions

OF THE three north African countries, Algeria is the only one which can afford to dispense with tourism as a major hard currency earner. Morocco, despite considerable phosphate wealth, cannot afford to do so and even less can Tunisia which has very slender natural resources. Algeria has important oil and even more important, gas reserves and can afford to be slightly condescending about it's neighbours' efforts to attract European tourists.

In 1966, a year after he acceded to power, President Boumediene turned his interest, fleetingly it would seem, to tourism and a "Charter for Tourism" soon followed which lay the foundations to a policy which was eventually designed to attract an annual figure of 500,000 visitors. It provided for the construction of a string of hotels and the training of the necessary personnel.

Both aspects of this policy were important in a country which had suffered a long and bitter war of independence against France and only became independent in 1966. There were few hotels let alone trained personnel. Twelve years later these grandiose schemes are dead. True, many hotels have been built and staffed, if inadequatly in many instances. But as for attracting half a million foreigners a year, only the Ministry of Tourism ever seems to have taken the figure seriously. As it is, with a steadily rising average income, and a flourishing new bourgeoisie, the hotels are not looking for customers. There are plenty available in Algeria itself.

Algeria and its leaders have had better things to do in the past 12 years: all energies have been concentrated on developing new industries, linked or not with oil and gas, on educating a largely illiterate population, and on trying to improve the agricultural sector. Tourism is a secondary preoccupation and one which would pose many problems were it ever to be developed on a grand scale as in the neighbouring countries.

First of all, Algerians do not like to serve whether the customers are Europeans or fellow Arabs. The war has made them prouder, the war has also destroyed their society to an extent that is unknown in Tunisia and Morocco. Hence social relations are more difficult and this is reflected in a more brittle approach to the simplest problems.

There are plenty of exceptions but the norm *is depressing* and rather unwelcoming. Then, the lack of consumer goods available in Algeria means that facilities are not what Europeans are used to. Repairs take months: there are far more hotels with swimming pools out of order than not and plumbing defects have given rise to endless jokes. Lastly the food is often only moderate, even by local standards. It is very rare to find traditional Algerian cooking, which is delicious, in the hotels. Prices are high, a reflection of the relatively high standard of living and the influx of foreign technicians working on industrial sites and who often have to reside in hotels for months on end for want of alternative means of accommodation.

Many hotels also present architectural problems. Often built by the French *architect* Fernand Pouillon, they are remarkable in the way they combine traditional and modern forms, but this often means that the rooms are a long way away from the reception areas. As the telephones in the rooms often do not work and porters are not always available to carry luggage, the result can be daunting.

The sites on which the new hotels or mini-resorts are located can be stupendous. The praises of the village at Tipaza on the coast west of Algiers where Rome built a city has been sung by André Gide. The hotel in the Benni Yenni village in the mountains of Kabylia is a romantic's dream, opening on to rugged peaks, narrow valleys and villages suspended on narrow ridges. On the edge of the desert in Ghardaia, the view, at night, of the five cities set in the oasis is unforgetable with gleaming white mosque towers shining under the moon.

The distances between the various cities and sites is considerable. This is a vast country and travelling can be difficult *but bold travellers will find their* reward, often in unexpected places where hospitality is still cherished. The eastern provinces around Constantine are an archeolocist's dream: Roman, Arab, Berber sites, some of them remarkably excavated in recent years, such as the fortress city known as the Kalaa of the Benni Hamads.

Small numbers of Europeans have always gone to the Hoggar mountains and the Tassili to see the prehistoric frescoes. They will continue to do so, especially as out of season travelling becomes more popular. The desert is wonderful between October and March. Those who are prepared to brave some of the elements go back: the absence of any Club Mediterranean type ambiance appeals. Furthermore, moving around has at least one advan*tage here: internal travel, even* by air is cheap.

Not by any official design, Algerian tourists make up most of the guests in the country's hotels. They can be as grumpy as any foreigner because of the often poor nature of the service. They have the income to afford to travel or visit their families and they do.

In the years to come, tourism will not earn Algeria much hard currency and will not attract the massive package tour groups. Improvements will probably come although many in Algeria feel that to put more hotels in private hands is the only answer. The state has more important tasks than to run hotels. The absence of the package tour industry has at least one advantage. For the more adventurous, for those Europeans who do not need a night club at every turn and fish and chips for dinner, Algeria will continue to offer some exceptionally varied sites and cities.

**Francis Ghilès**

## Jordan

# A spectacular boom

HISTORY AND nature have both been kind to Jordan in providing it with a combination of touristic attractions that has to be considered dazzling by any standard. But a chronic lack of finance has always hampered the state's efforts at serious development of the required facilities, and the private sector has recently stepped into the picture in a big way to do the job that the state has always found to be beyond its means.

The result, during the past three years, has been a sustained and at times spectacular boom in tourism. The Government today takes the lead in co-ordination of *development* of infrastructure, but there is still a long way to go before the facilities that contemporary man provides match the attractions that past civilisations and geological eras have bequeathed to Jordan.

Revenue from tourism remains an important factor in offsetting Jordan's chronic trade deficit. Last year, according to central bank figures, tourist receipts reached the $300m mark, a sharp rise from the $30m registered only four years before.

These figures reflect a parallel increase in the number of visitors to the country, which has risen from a mere 130,000 in 1960 to 600,000 in 1966, 700,000 in 1975 and 930,000 last year. There have been sharp drops and rises in between, reflecting the wars of 1967 and 1973 and the influx of refugees from Lebanon and the unusual double influx of Moslem pilgrims *en* route to Saudi Arabia in 1976.

The growth rate has now returned to a normal pattern, however, and barring any more regional upheavals the tourist sector should continue its brisk growth for the foreseeable future, particularly because the single biggest constraint on its growth, the lack of adequate hotel space, is well on the way to being overcome.

The country still boasts only 2,000 rooms in classified hotels and resthouses, but 25 hotel projects underway or about to start will add another 3,000 new rooms to the total by the end of 1982. This represents an investment of over $200m, of which over 80 per cent is provided by the private sector.

Parallel to the development of hotel projects is a recent growth in the number of restaurants, also mainly funded by private investors.

The government, however, still has to take the lead in opening up some of the remote but spectacular regions of the country, such as deserts of the east and south, the cool hills of the north and the hot springs around the Dead Sea.

In fact one of the dilemmas of the Government's planners is where to set priorities, given the variety of sites to develop. These include year-round sun, sand and sea resorts at the Dead Sea and *the Gulf of* Aqaba, the natural extravaganza of Wadi Rum (site of the filming of Lawrence of Arabia), archaeological sites of which Petra and Jerash are the best known, Islamic desert castles, crusader fortresses, desert oases, mineral hot springs and even some of the best bird watching sites between Europe and Asia.

This variety of attractions alone would keep European and North American visitors coming to Jordan, but added to this is the successful drive to offer Amman as a gateway to the Holy Land attractions of Jerusalem and Bethlehem in the Israeli-occupied West Bank. New regulations now make it easier than ever for foreign visitors to cross the Jordan River on air-conditioned buses for a comfortable visit to the West Bank.

Added to all this, however, is the sharp rise in Arab visitors, particularly those from the humid Gulf states who have recently discovered the cool, green hills north of Amman. In fact, 80 per cent of visitors to Jordan are Arab nationals, although a large part of these are Moslem pilgrims en route to Saudi Arabia or Palestinians en route to visits to the West Bank.

With its long-term aim of promoting "selective tours," the Tourism Ministry is developing facilities to serve the many special interest tourists that it expects in the future.

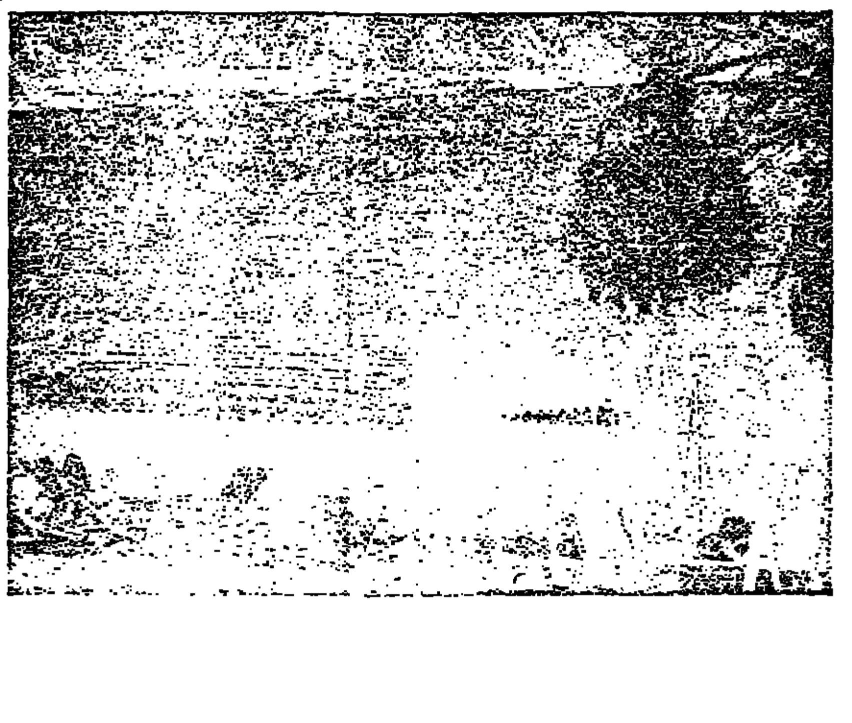
This means simultaneous development of mineral springs, desert, beachfront, antiquities and the hilly areas, with an aim of spreading out the touristic attractions and infrastructure throughout the country, and avoiding a massive concentration of visitors at one or two sites.

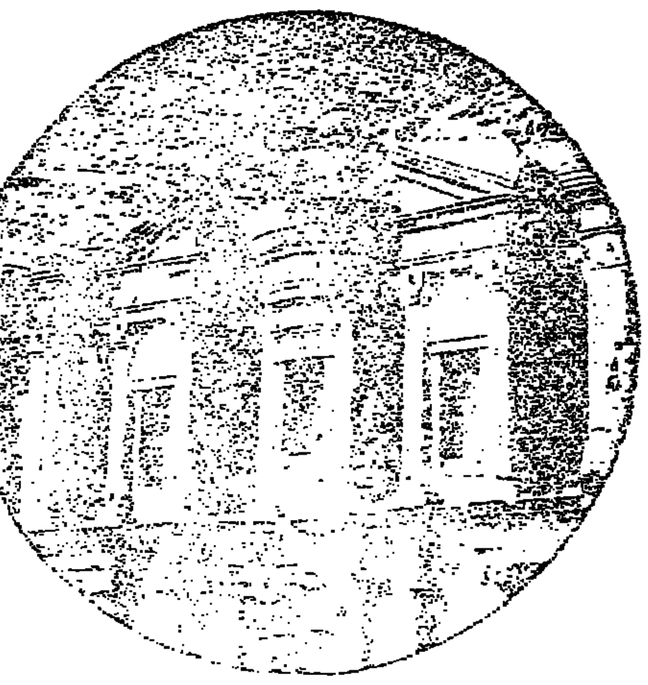
Another aim in this drive is to provide more services for the growing domestic tourist sector, which has also been spurred by a recently regulated price code for hotels and restaurants which have seen an appreciable drop in some prices.

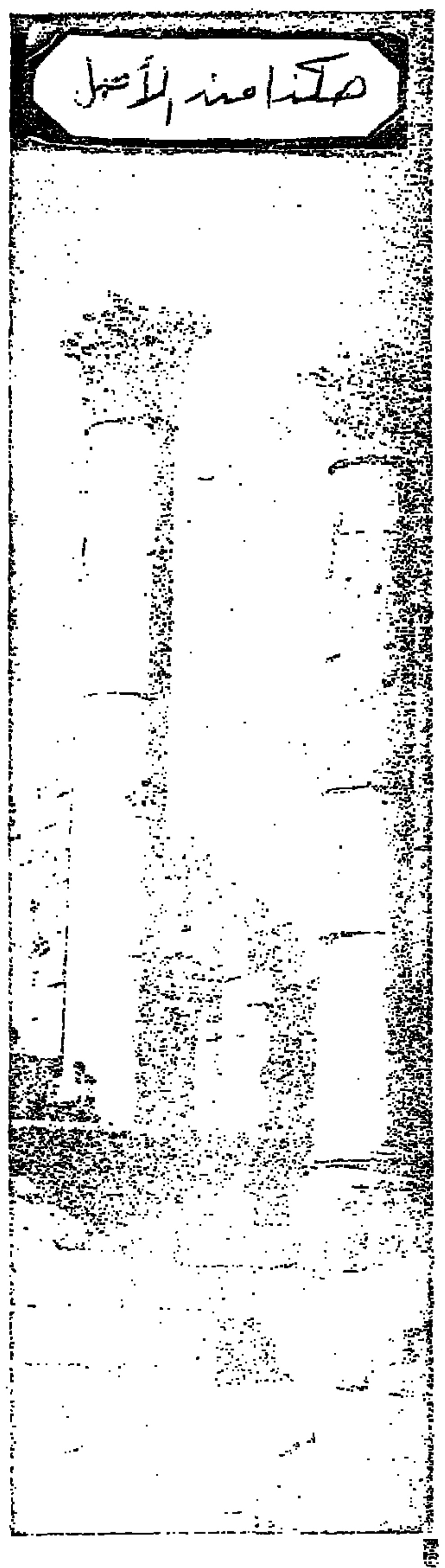
One lingering headache has been the lack of trained staff for the tourist sector, and the requirement for another 4,000 workers in this field in the coming four years can only be met by more imported labour.

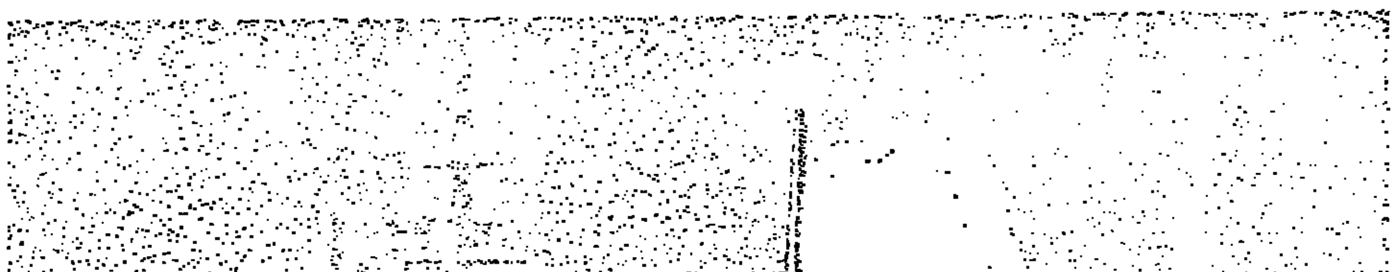
Some of the international hotels entering the field, such as Sheraton, Holiday Inn and Mariott, will probably have to bring in many of their staff until local training schemes are able to carry the burden of providing skilled workers.

**Rami Khouri**









## Tunisia

# The visitors flock in

UNTIL IT was overtaken two years ago by oil, tourism was Tunisia's biggest hard currency earner: for a country with relatively few resources, the Dh 139.4m brought in by tourism last year is appreciable and all points to a further development of this sector of activity in the years to come. At the same time, those in charge of this sector in Tunis are trying to improve the amenities offered to tourists, attract them away from the coast and ensure that those who come do not simply spend all their time on the beaches but enjoy some of the sites away from the coastline.

Tourism has developed very fast in the past eight to ten years and too many tourists crowd into a fairly narrow strip of coast between Hammamet, south of Tunis and the city of Sfax as well as further south on the island of Djerba. Few go to the north, to the Sahara and not enough go to the many Roman sites scattered around the countryside.

Far too many tourists come in the crowded summer months despite the efforts the authorities have made to spread out the season. Yet the weather in Tunisia, the more so as one moves to the south, should attract more foreigners in the spring, from March, and in the autumn. In the desert the winter months are the most pleasant.

The other concern, one which the authorities are less keen to talk about, are the social side-effects of the more than 1m tourists who visit the country every year.

Tunisia launched itself in earnest on to the international tourist scene in the late 1960s. The country badly needed all the foreign exchange it could get; it had to create jobs fast, no mean problem in a country where half the population is under 20 and where the level of education is, without doubt, high both in African and Middle Eastern terms. Furthermore, the emancipation of women has brought new demands for jobs, undreamt of a generation ago.

Tunisia had the advantage of not being far from Europe, in physical terms, of having been in close contact with French habits and language during the time France colonised the country, from 1882 to 1956, and of having kept up these contacts after independence.

Independence came without much violence and the French presence left little resentment. The people are naturally friendly. The high standard of living in Third World terms and, until recently, the great political stability also helped. Tunisia has traditionally been a bridge between the Middle East and the West and foreigners are always made to feel welcome.

The sun and sea formula developed at the turn of the decade worked well: apart from a slight slowing down after the oil crisis, the tourist sector has lived up to the hopes of its promoters and package tours have prospered.

| | 1969 | 1970 | 1973 | 1974 | 1975 | 1976 | 1977 |
|---|---|---|---|---|---|---|---|
| Number of tourists | 373 | 608 | 721 | 716 | 1,013 | 997 | 1,015† |
| Number of jobs in the tourist sector | 746 | 1,012 | 1,298 | 1,367 | 1,530 | 1,525 | |
| Income in Dinars | 26.1 | 53.8 | 72.4 | 80.8 | 118.8 | 130.0* | |

* Millions of Dinars (Dinar 1=$2.35). † Thousands.

Preliminary figures suggest that 1978 will prove a record year: during the first six months, the number of foreign visitors increased by 6.5 per cent to 479,000 and August and September have, by all accounts been very good months.

This trend is expected to continue next year, especially if the number of visitors from other Arab countries (Algeria, Morocco and the Middle East) increases at the speed it has in the past year or two.

Around 100,000 Algerians had visited Tunisia by the end of August this year and while many stay with family and friends, the money they spend has been welcome. The increase in numbers is, in part, due to the bad relations between Algeria and Morocco over the Saharan issue, which has led to the closing of the frontier between these two countries since 1975-76.

Visitors from the Middle East, particularly from the Gulf states and Saudi Arabia, are a greater novelty. Fifteen thousand came in 1976 and 12,000 in the first four months of this year alone. These visitors expect very high standards—the amenities they used to find in Beirut and still do in European cities such as luxurious hotels, casinos, race course tracks and golf courses.

With the exception of a few hotels, Tunisia is not really geared to this kind of tourist and efforts are being made to catch up. There is some unease about this in Tunis as gambling in particular is not viewed by all as an ideal development.

Replacing Beirut, even in seemlier fashion, is not what some Tunisians feel their country should be striving for. The flaunting of their wealth by the Tunisian new rich is already provocative enough. For all the immediate benefits to be derived from this type of visitor, are the long terms risks worth taking? At the official level, the answer remains an enthusiastic "yes." Important decisions concerning in particular the type of new hotels to be built will have to be taken in the next few years.

Access from Europe, North America and the Middle East by air is good; all Tunisians speak Arabic and most of them French while English is progressing fast, together with German. Telephone and telex services are good. The main beneficiary of this increase has been Tunis Air which carried 1.2m passengers last year, a sixfold increase in ten years.

The ancillary advantages of holding conferences in Tunisia include easily accessible Roman and Arab sites and old cities, some beautiful countryside ranging from oak forests cascading into the sea in the north at Ain Draham and Tabatha to the empty plains around the sacred city of Qairwan in the centre to intact Berber villages and troglodite dwellings in the south. Oases remain a major attraction and so do the many beaches. Finally cooking is very good, despite the tourist invasion of recent years. A wide variety of craft products can still be found but quality is declining, except where good carpets are concerned. Good jewellery is very difficult to find.

The authorities are faced today with having to diversify the package they offer. The first wave of growth has proved satisfactory: now is the time to diversify away from the coast, which will be choked if much more development takes place. Inland roads are good but more small hotels need to be built. But of course, private investors who have taken much of the investment along the coast on to their own shoulders are less keen to move inland where the return on investment is likely to be lower than in the high density coast area. And the state is not awash with money these days.

Then one has to attract Europeans with wider interests than sun and sea and a Club Mediterranee ambience. There is no easy answer. Yet the country, while less spectacular than parts of Morocco has a wealth of sites and many fine cities. Architecturally it is a dream. Qairwan boasts some early Muslim architecture; the roman amphitheatre at El Djem in the olive groves of central Tunisia is unique, the site of old Carthage, now being partly excavated is rich in history. The hill on which it was built close to Tunis boasts one of the finest views anywhere round the Mediterranean. However, the ghastly villas being built at the foot of Sidi Bou Said are a reminder of how little it takes to destroy a site forever. The red cliffs are being prostituted for the sake of a few rich visitors.

**Francis Ghilès**

## Syria

# Rich in historic interest

SYRIA should be inundated with tourists. Situated at the ancient and modern crossroads of three continents, it is endowed with a rich variety of archaeological treasures and Islamic shrines, a distinctive set of landscapes and a Mediterranean seaboard. And indeed, no casual visitor who has undergone his inaugural elbowing by the scrambling throngs at the soukh-bazaars of Damascus and Aleppo, or been turned away despondent from one hotel reception desk after another, can fail to be convinced that the country is thick with invading hordes.

Yet very few of the 1.4m people who visited Syria in 1976 (the last year covered by the official statistics) were tourists. More than 600,000 of them were Lebanese (many of them refugees) and only 147,000 came from outside the Middle East. Many of the latter were businessmen and expatriate workers, so there were not many genuine tourists. Rich Lebanese and visiting Arabs from the Gulf probably form the mainstay of the tourist industry.

In fact statistics suggest that fewer North American and West European visitors go to Syria now than in the mid-1960s—the legacy of the 1967-1973 period when, following the Six Day War, Syria became isolated and politically prickly. Hotels ran down, guides went out of business, and tourist officials became disheartened. In 1976 tourism made up only 3 per cent of GDP and employed only 2 per cent of the work force.

But since the October 1973 Arab-Israel war Syria has gradually become more open to outsiders and to the west in particular. The government of President Hafez Assad is relatively stable and is aware of the benefits that tourism can bring to a fairly slow-growing economy which needs to provide jobs for the increasing population. It wants to encourage more investment, including foreign investment, in tourism, and has been interested by the prospects held out to it by a firm of French consultants, who envisaged 3.5m visitors coming to Syria a year by 1990, and even (though this seems out of reach now) 2.5m by 1980.

But to implement the plan would require the creation of a new tourist infrastructure including not just hotels but training, promotion, advertising, tourist offices abroad and so on. In 1976 there were only 18,000 beds in all the country's hotels very few of them of international standard: the consultants reckoned that 39,000 new beds would be needed in new hotels and a staggering 97,000 in motels, holiday villages and villas. This would involve a major upheaval in the present tourist patterns: Damascus, which now accommodates three-quarters of all visitors, would fall to second place, and the northern city of Aleppo to third, well behind the presently undeveloped coastal region on the Mediterranean and the mountain resorts in the west.

The report envisaged that the greatest expansion would take place in "estivage" tourists—Arabs and others seeking relief in Syria's cool, forested hills from the sweltering summers of the Gulf. With rival Lebanese attractions out of favour because of the current crisis, Syria's three major estivage resorts—one near Damascus, two in the north west—are already mushrooming, and new sites are being chosen. It also foresaw trying to entice sun, sea and sand lovers to the 115-mile coastline, where in places the mountains sweep right down to the sea. Here two long stretches of unspoilt beach are seen as ideal for villas and villages. (Unfortunately the consultants failed to appreciate that one of these beaches has black sand, which scorches the feet in summer.)

But it may be that the western tourist will be drawn to Syria more for its historical and archaeological attractions, which are superb, and include Damascus itself, with its souk and the Ommayad mosque; Aleppo, a golden city dominated by its magnificent Islamic citadel; and countless classical, Arab and Crusader remains, including the city of Palmyra in the desert, the Roman amphitheatre at Bosra in the south, the castle of Krak des Chevaliers, and the delightful old city of Hama, with its immense water wheels lifting water out of green Orontes. Syrian officials hope that they can attract visitors to a string of ancient cities along the Euphrates, while the new Russian-built dam at Tabqa is the pride of modern Syria.

Yet just how far Syria really wants to go in developing tourism at this stage is uncertain. The fact that it has to devote more than a quarter of its expenditure to defence is a drain on finance, while westerners tend to be scared away by what they perceive as the general instability of the region, irrespective of whether there is a real danger of renewed conflict. It may well be, as a doctoral thesis by Dr. Alan George concludes, that unless the political situation in Arab world becomes calmer Syrian tourism cannot boom.

### Capacity

In the meantime Syria's capacity to take more tourists is being increased. The most urgent need is for better hotels. The Syrian government has committed itself to large scale building projects in conjunction with western and Arab capital, keeping financial control but leaving the running of the hotels to professionals. A Sheraton opened in Damascus this month; the Meridien has been going for two years, and others are planned for Aleppo and Latakia, while one is soon to be completed at Palmyra. With other hotel projects in hand, 1,500 desperately needed beds should be added at the top end of the market.

But it is in the middle range category that the most urgent need is felt: what few hotels of this type there are—in the towns and villages outside the main centres—are not usually up to the standard most western visitors would accept. The government is trying to encourage the private sector to invest in constructing and equipping them (or even renovating old ones) particularly in partnership with foreign (usually Arab) finance. Tax and customs incentives are being offered. The Government, which has allocated (S£250m for tourist development this year, claims that such schemes will provide an extra 5,000 rooms by 1980. On the Mediterranean Lattakia is being improved, but with its rather dirty beaches, mediocre night life and East Mediterranean pollution it is not yet ready to become the centre of Syria's Cote d'Azur.

Syria is sensibly not overselling its long term plans; it is only now beginning to establish tourist offices abroad independent of those run by Syrian Arab Airlines. With many westeners usually travelling to several Middle Eastern countries on the same trip Syria is planning a joint marketing company with Jordan.

So the visitor who goes to Syria now should be a traveller rather than a tourist, seeking adventure rather than luxury. He should be equipped to steer his way past the double tariff which tends to operate, with one price for the locals and another for the visitor. Less easy to avoid is the general vagueness, and the difficulty in obtaining tourist information that is standard in many other countries.

But the oft-reported surly disarray among officials and hotel staff is rapidly turning into something more cheerful, if no less chaotic. The new state hotel school is producing graduates and progress is being made. Now could be a good time for investors to move in—and for those travellers who want to see Syria more or less in its pristine state, time to get moving.

**Paul Martin**

FAST BREEDER REACTORS

BY DAVID FISHLOCK, SCIENCE EDITOR

# The French take the lead

THE FRENCH have borrowed an idea from the U.S. space programme for Europe's most ambitious industrial project. To assemble their Space Shuttle, U.S. aerospace engineers have a 525 feet tall "temple" called the vehicle assembly building, close to the launch pad. The French nuclear engineers have built their own huge reactor assembly building alongside the world's first commercial fast breeder reactor.

At Creys-Malville on the bank of the Rhone between Lyons and Geneva, in a picturesque region once riven by glaciers and well stocked with medieval castles, a modern tower is climbing steadily skywards. This is the cylindrical concrete containment for Superphenix, a 1,200 MW fast breeder reactor (FBR). Encircled by cranes, the concrete ring is already halfway towards its final height of 270 feet. In January the French will begin to assemble the reactor itself. Yet they have found time to lay out the site neatly, with broad boulevards—even to plant a few trees.

At the Labour Party conference last month, in an impassioned defence of nuclear energy, Mr. Hugh Scanlon—representing the engineering workers—brashly asserted that Britain was "light years ahead" of its competitors in the technology of the FBR. He is quite wrong. Britain, although among the world's leaders, has already fallen several years behind the French—and is still slipping. The best the British nuclear industry can hope for is that by 1983, when the French expect to be obtaining electricity from Creys-Malville, the UK's first big FBR will be at about the same stage of construction as Creys-Malville is today.

By then, however, the French engineers hope to have at least one more big FBR under construction, probably at the same site. As M. Georges Vendryes, deputy director of the Commissariat à l'Energie Atomique (CEA), and responsible for civil nuclear development, sees the French position, the 36 big light water reactors already ordered will, over their lifetime, discard about 70,000 tonnes of "depleted" uranium. This is uranium from which nearly all the fissile material has been extracted. It amounts to more than the assured indigenous French reserves of uranium, some 60,000 tonnes. Packed into FBRs and irradiated by neutrons, this depleted uranium will be transmuted into enough plutonium—another nuclear fuel—to keep France supplied with energy for the next two centuries. But without the FBR, depleted uranium is virtually worthless.

Dr. Jean-Claude Leny, director-general of Framatome, the French reactor design and construction group, believes that as much as 20 per cent of the country's nuclear electricity could be coming from FBRs by the end of the century. Eventually — perhaps by 2020 —France will be building only FBRs, he says.

Meanwhile it is stressed that Creys-Malville, although the first-of-a-kind, is no experiment but a project designed to provide an assured supply of power for Electricité de France. It is a FFr 5,350m (about £670m) investment shared by three utilities—EdF, ENEL in Italy, and RWE in Germany. These utilities will provide about 30 per cent of the cash. The rest is being raised through loans from Euratom (EEC), the European Investment Bank, and various other institutions including the French Government.

The technology of the Creys-Malville reactor is exclusively French, derived from the very successful 250 MW Phènix demonstration, begun at Marcoule after Britain's prototype fast reactor at Dounreay but brought into operation before it. Two years of unprecedently good performance, for a prototype plant, convinced the French that with Phènix they were on to a winner. By the spring of 1977 they were ready to extrapolate five-fold in size—a much smaller scale-up incidentally than the 15-fold extrapolation from their Rhapsodie experimental reactor to Phènix. Still more significantly, they had worked out an industrial infrastructure to undertake the leviathan—and very complex—project.

| THE JOINT VENTURE | |
|---|---|
| **NOVATOME (France)** | |
| Creusot-Loire | 36% |
| CEA | 34% |
| Neyrpic | 15% |
| Alsthom-Atlantique | 15% |
| **NIRA (Italy)** | |
| AGIP Nucleare | 20% |
| Tosi | 10% |
| Fiat | 10% |
| AMN | 60% |

Creys-Malville is an international venture, with considerable participation by German and Italian industry. A consortium called Nersa, managed by a triumvirate of French, German and Italian directors, is customer for the plant. Shareholdings in Nersa are 51 per cent EdF, and 33 per cent ENEL, with the balance held by a German-Benelux utility consortium called SBK (in which Britain's Central Electricity Generating Board has a toehold).

Nersa has placed a turnkey contract for the reactor itself—the nuclear steam supply system—with a French-Italian joint venture called Novatome-Nira. This brings together the main groups in these two countries developing the FBR (see accompanying table). Their contract, worth about FFr 2,500m (over £300m), represents nearly half the total investment expected at Creys-Malville.

The Rhône is not navigable beyond Lyons, so Nersa is planning to have many of the bigger and heavier sub-assemblies fabricated on site, right alongside the reactor vault. (This was also the way Phènix was built.) A cathedral-size workshop clad in aluminium was erected within 12 months of Nersa placing the reactor contract. This workshop, substantially bigger in area than a football pitch, has headroom of over 100 ft under the hook of an 850-tonne travelling crane. It is unheated but they plan to put "tents" around the individual projects when needed and blow warm air about the craftsmen.

Already major components are taking shape, including the heaviest — the 850-tonne roof slab for the reactor. This is being built from a dozen prefabricated segments, half made by Breda in Milan, half by Neyrpic in France. The procurement policy of Novatome-Nira is to place contracts involving transfer of France's exclusive FBR technology with French companies only. Italian and German companies are awarded only contracts involving no technology transfer. Overall, the value of contracts is distributed nationally roughly in proportion to the shareholdings of the three utilities.

The first big reactor sub-assemblies to leave the workshop, in 1980, will form the "pot"—the two great vessels, one fitting within the other, that will hold 3,500 tonnes of molten sodium coolant. This is the coolant which will transfer heat from the Superphènix fuel to its steam generators (boilers). The two vessels forming the pot will each weigh about 560 tonnes. Schedules in the office of M. Duvaunt, Novatome-Nira's site manager, say that he will transfer the vessel in just 38 hours across the 450-ft space between workshop and reactor vault.

Key components to sit within this vessel include the four primary sodium pumps, 123 tonnes each, designed to deluge the fuel in a tidal wave of coolant—13 tonnes a second. Unquestionably, this is a vital piece of FBR technology. The pumps are being made in France by Jeumont Schneider —tested, dismantled and reassembled on site before transfer to the primary vessel.

Assembly of the Superphènix reactor begins in January, and is scheduled to continue for nearly three years before engineers are ready to bolt on the 400-tonne dome and pronounce it ready for testing. They are allowing just four months longer for reactor assembly than Phènix required. When fuelled and sodium-filled, some 8,000 tonnes of the most advanced engineering to be found anywhere in Europe, packed into the pot, will be dangling from a great steel ring about 70 ft across. This will be the furnace for 1,200 MW of electric power.

The French are no strangers to joint nuclear ventures. They already share plants with Belgium and Spain, while five nations are collaborating to build the uranium enrichment complex at Tricastin. International collaboration certainly adds to the cost, says M. Jacques Naigeon, in charge of international relations for Novatome. But it is mainly a "software" cost, he contends—the cost of reaching decisions more slowly when the project hits trouble. "You can't bring the same pressure to bear on a foreign industry."

In 1981 Novatome is expected to lay two new FBR tenders before Electricité de France. One will be for a single reactor, Superphènix 2. The other will be for a series of twin-reactor stations, two or three of them to be started at two-year intervales. Design of Superphènix 2 will start next summer, and to this end Novatome is already isolating areas where it believes major savings in cost might be made compared with Creys-Malville. In particular, it is examining ways of shrinking the main reactor components to obtain greater output—perhaps 1,500 MW—from the same or even a smaller volume. For example, Novatome engineers believe that the primary pumps could be much reduced in diameter if an axial instead of a radial inlet flow of sodium were adopted. For the four steam generators it may be possible to adopt a significantly cheaper material than the Incolloy 800 "superalloy" now being used by Creusot-Loire.

The over-riding aim of the French—customers no less than contractors—is to avoid the delays and frustrations in developing the complex technology of the FBR which they have seen occur elsewhere. The U.S., they point out, was generating electricity from an FBR in 1951. This year, in spite of the U.S. Administration's manifest but—as the French see it—quite irrational lack of enthusiasm for the commercial FBR, it is spending $482m on the technology. This figure compares with a total of $365m allocated by the Governments of France, Britain, Germany, Italy and Belgium this year.

Britain, which conceptually has followed the same path as the French, has decided that it must hold a public inquiry into plans for building its first big FBR, probably preceded by another inquiry to establish whether it needs FBRs at all. Germany, with no prospect of seeing power from its demonstration FBR at Kalkar in under 11-12 years from starting construction, is now bemused by political proposals that it should be redesigned as a quite different kind of reactor.

As the French see it, interruptions of the kind Britain, the U.S. and Germany have experienced have two very serious consequences. They push up the cost rapidly (Creys-Malville, they claim, will provide power at a price per kilowatt within the same bracket as France's other nuclear stations); and they increase the risk of something going seriously awry because vital expertise has been lost or overlooked. "People say it is bad to go too fast but the way to keep it safe is to have a continuity of effort on the safety problems," says M. Vendryes.

In one respect France may appear to have heeded the call for caution made by the U.S. Administration, which this summer expressly asked nations pursuing the commercial FBR for their own requirements to show restraint in trying to export the technology. France was, but is no longer, trying to market a small FBR based on the 250 MW Phènix. But the reason, in fact, has nothing to do with nuclear weapon proliferation. Why should anyone who wants a plutonium bomb go for such a complex and expensive technology, Mr. Vendryes reasons, when much simpler reactors can produce plutonium much faster? The reason is simply that as a commercial product they now believe Phènix should be redesigned. And Novatome's design staff is locked up fully on full-scale FBRs.

Ironically, the nations which can make the best case at present for FBRs, as a means of more fully utilising a scarce energy resource, are the very nations with large stockpiles of depleted uranium accumulated as a by-product of weapons programmes. They are the U.S. itself, France, Britain, and the USSR. And China, which the French believe may well be the first nation to import an FBR.

Circular reactor vault for the world's first commercial fast breeder reactor at Creys-Malville

# Letters to the Editor

## A monetary system

*From Mr. D. Thomas*

Sir,—I simply must correct an attitude reflected in Samuel Brittan's column of October 5 and "explained" in his Lombard column of October 10. He first suggested that the creation of an essentially flexible European monetary system would amount to nothing and then implicitly supported this argument by asserting that even in a flexible supersnake the currencies of the "virtuous" few would continue to be particularly favoured.

My comments are two. As strong-currency country interest in some European currency unit has always implicitly demonstrated, something is in fact gained merely by limiting or eliminating exchange rate adjustments that go beyond levels justified by relative money. Germany has always been plagued by a currency that has tended to appreciate excessively; your own country in 1976 and the U.S. over the past five quarters have seen their currencies depreciate, beyond levels that are relative money justified. Such non-neutral exchange rate changes impart real economic shocks that must be painfully dealt with by the authorities (witness U.S. inflation now). Thus the supersnake will represent a clear advance if it can be characterised as a better flexible system than floating.

Given that it can maintain exchange rate neutrality, the implied satisfaction of the proportionality conditions of purchasing power parity and interest rate parity will make any currency of the system a good substitute for any other. D-marks will not be superior.

I think an EMS can make a major contribution to the stability of the international financial system but only if it is essentially flexible. I think the system would be greatly strengthened by Britain's membership. Mr. Brittan's position that the flexible rate system cannot be improved, along with his quite correct idea that an essentially fixed-rate system is not feasible, wrongly shifts attention and emphasis and may help keep the UK out.

David Thomas.
*21, Rue du Bourg-Tibourg, Paris 4.*

## Control of wages

*From Mr. A. Ferguson*

Sir,—Nearly everyone seems to accept that Government control of wages is here to stay and without it a subsequent wages explosion would be more than the country could stand.

On the other hand, one just questions whether the Government can control incomes for any length of time, not only whether it ought to. So far it has been fairly successful and would have been more so if companies themselves had not used every device to get round incomes policies, but such is human nature, whether collective or individual. It will be extremely interesting to see the outcome of the agreements to come in the public sector and whether the Government can hold the pay line here.

If the Government cannot control incomes, would it be able to control prices? Being a real chicken and egg situation, it is just possible that a real crack down with price control may be more effective than wages control. If prices were stable then any extra money for wages, etc., would have to come out of real productivity improvements or shareholders dividends. It could produce interesting consequences that may make profit sharing and participation rather more meaningful. After all, if firms could get real shop floor co-operation without strikes, then management and shareholders would go a long way to share the rewards that would go with this changed attitude.

In the longer run, it is quite impossible to see just how the Government can control relativities or differentials or scarce occupations within all industries without letting the wages cork out of the incomes bottle. It is perhaps the wrong control. Equally, there seems no case at present for trying to cater for both the chicken and the egg and this would be a strong form of control that would hardly be fair to the private sector.

The other way of approaching the problem would be to nationalise or at least rationalise the unions. A real sort out of representation would be very helpful. After all, if wages negotiation is to be by Government decree, the unions may as well pack it in and become part of the Establishment. It is unfortunately still essential to have some form of representation, particularly in large firms, but it should represent its people against the injustices done by management and should also be part of the consultative machinery that helps corporate industrial policies down the road. If industrial courts handle all disputes that cannot be settled internally, then there would be less need for unions in their current form. As a consequence, perhaps industry could get on with the job and make more real money for everyone.

A. I. Ferguson.
*4, Burns Court, Marine Parade, Dawlish, Devon.*

## The English vineyard

*From Mr. B. Coulson*

Sir,—As an associate member of the English Vineyards Association I was most interested in Lynton McLain's article on English vineyards (October 27). Although the subject of government and bureaucratic indifference to our small wine industry rightly raises feelings amongst growers we should not allow that difficulty to mask the potential that exists for a serious and expanded industry over the longer term.

The amount of acreage under vine could undoubtedly be much expanded given the right incentives. We may be a small island but a rise from the current 800 acres to 8,000 acres does not beggar belief in relation to the 47m acres of farmland in the UK, not all admittedly in Southern England. As regards the weather the sunshine and rainfall figures quoted by Mr. McLain are comfortably within the average figures for the South. The incidence of damaging frost both at the beginning and end of the growing season is thankfully rare, and hail, the bugbear of Burgundy and Bordeaux, even rarer.

The problems of the current vintage caused by the poor summer were shared by all European growers. The impact of a short crop on our production will however be more dramatic due to the smallness of our industry. After the warmest and driest autumn for twenty years however there must be a fair chance that what is finally produced will be of excellent quality. It is in the end the question of quality that will determine the industry's future and no less an expert than Michael Broadbent considers that in its price range English wine is at least as good as other Northern European wines.

As a nation we are desperately short of new industries to stem the rising tide of imports and unemployment. Could not a steadily expanding vineyard industry play a modest part here if government would start being more helpful?

B. M. L. Coulson.
*9, Brodrick Road, S.W.17*

## Bank staff unions

*From the National Union of Bank Employees Assistant Secretary (Midland Bank)*

Sir,—It is disappointing that Mr. Westhead (October 26) appears to dismiss the recommendations made by Dr. Johnston in his study of staff representation and negotiating procedures in the major London clearing banks.

In his unbiased analysis Dr. Johnston highlights the fact that the Association of Scientific, Technical and Managerial Staffs has failed to attract membership among bank staff outside Midland Bank, and within Midland Bank its membership has declined from 10,000 to "at most" 6,000. In contrast he notes that the National Union of Bank Employees has significant membership in all the major banks and in Midland Bank NUBE's membership has increased from 10,000 to 13,500 over the same period. This trend continues, and NUBE now has 15,000 members in Midland Bank, and Mr. Westhead at a recent meeting with the central arbitration committee conceded his current membership position is 4,500. On the basis of this evidence, bank staff faced with a choice of TUC affiliated unions clearly prefer NUBE.

I am sure all bank staffs wish to see an end to divided staff representation. NUBE certainly does. We are, therefore, giving detailed consideration to Dr. Johnston's report, and without committing NUBE to any of his proposals, the report and recommendations should be welcomed as a genuine attempt to bring all the parties to the negotiating table to seek a mutually acceptable way forward.

Hedley Woods.
*Sheffield House, Portsmouth Road, Esher, Surrey.*

## Regional dialects

*From Mr. H. Faulkner*

Sir,—How splendid to find someone of the eminence of Lord Snow saying in your columns "I shouldn't consider it a loss if most of our regional dialects disappeared overnight" (October 21). How much longer must our teeth be put on edge by the way the language is mangled by people who ought to have had training in elocution before being given the freedom of the air?

H. Faulkner.
*21, St. Peters Crescent, Bicester, Oxon.*

## North Sea oil

*From Mr. A. Macgregor*

Sir,—Elizabeth Young (Oct. 19) suggests that both a politician and a businessman have misunderstood the need for nationalising North Sea oil. I think most people do. The oil reserves were state-owned and therefore nationalised in the first place. The whole development of the area was a Government and therefore nationalised undertaking. The question is whether we should re-nationalise the oil or its associated wealth?

The oil was, and is, a nationally-owned asset of potential wealth to the nation. The Government has specific responsibility on behalf of the taxpayer to retain and transfer as much of this potential offshore wealth as possible onshore, to the nation. The ratio of wealth retained by the nation to the original potential wealth is the only measure of the efficiency of the nationalised industry called government.

For purposes of improving the efficiency of the transfer of wealth the Government may employ the services of private or foreign industry. The operating oil company is therefore in the role of sub-contractor to the operating company, the Government. The businessman has responsibility to transfer what share of the wealth he can to his shareholders and is therefore, by definition, in direct competition with the Government for the wealth. The principles of free enterprise dictate that each party will receive benefit in proportion to the skills, resources and productivity they employ. The arrangement is voluntary and should be continued as long as both taxpayer and shareholder receive mutual and proportional reward from it.

The Government has three advantages, initially, it owned the assets at no cost, it lacks financial accountability and it can change the rules as the play progresses. What perhaps the nation would like to know is how well is our national team doing in the competition against private industry? The fact that it is threatening to re-nationalise wealth that was its own to start with does not augur well, in fact, it suggests that its efficiency of transferring wealth to the nation is less than it should have been.

The businessman and politician are both motivated towards short-term gain, because this is what the system demands for their self-survival. Ms. Young appears, in common with most taxpayers and shareholders, interested in long-term wealth. It is the paradoxical differences of objectives which give rise to the apparent misunderstandings. Until however, we devise a system of accounting for national wealth, and a Government responsible to it, these differences will remain.

With nothing but personal experience to guide me, I feel we should let oil companies extract the oil and let Government extract the maximum possible revenue consistent with optimum depletion, or maximum transfer of wealth to the nation. I believe that the relative efficiency of each party at their own skills will ultimately best benefit the taxpayer.

It is only the relative inefficiency of nationalised industry that stops nationalisation being the optimum method of retaining the wealth of the oil. As the reserves deplete, the case for nationalisation will strengthen.

A. T. Macgregor.
*6, Kildare Court, Kildare Terrace W2*

# Today's Events

**GENERAL**

State opening of Parliament with Queen's Speech on new session delivered in House of Lords at 11 am—debates on the speech in Commons and Lords during the afternoon.

National Economic Development Council meets (9 am)—main items on agenda are Ministry of Overseas Development's contribution to the Industrial Strategy and a progress report on the Warner Report on Standards.

Mass meeting of Vauxhall Motors' Ellesmere Port Workers on strike threat.

British Oxygen pay talks resume.

Mr. Edward Heath, MP, is guest speaker at International Chamber of Commerce dinner, Quaglino's, Bury Street, SW1.

Herr Helmut Schmidt, West German Chancellor, meets Sig. Giulio Andreotti, Italian Prime Minister, for talks in Siena on the proposed European Monetary System.

Trustee Savings Bank issues first credit cards—Trustcard—in affiliation with the Visa International organisation.

Cutlery and silverware industry statement on future prospects.

Introduction by British Caledonian of cheap £21 single off-peak fare between Gatwick and Glasgow and Edinburgh—the airline also begins new scheduled service from Gatwick to Benghazi.

Increases of between 2 and 10 per cent in some UK-North Atlantic air fares.

Townsend Thoresen half-price scheme for short motoring trips abroad comes into operation.

Seventeen countries expected to attend Iraqi-convened summit meeting in Baghdad to discuss ways of countering the Camp David peace agreement.

Japan's presidential elections, Tokyo.

UK and U.S. officials continue talks in Washington on more liberal rules for air cargo and charter flights.

Russia and Norway in Oslo talks on the regulation of Barents Sea capelin and Norwegian Arctic cod.

Announcement by British Broadcasting Corporation on programmes for complete dramatic works of Shakespeare.

Mr. Michael Foot, Lord President of the Council, gives lunchtime lecture on Hazlitt at Museum of London, EC2, 1.10-1.45 pm.

London Chamber of Commerce export finance discussion group meeting, 69, Cannon Street, EC4, 10.15 am.

Sir Peter Vanneck, Lord Mayor of London, attends luncheon with Shell Transport directors, Shell Centre, SE1.

Carbonisation Science Lecture by Mr. E. M. Summers, Royal Institution, 21, Albemarle Street, W1, 2.30 pm.

Royal Society for the Prevention of Cruelty to Animals conference on animal experiments, Zoological Society, Regents Park, NW1.

**COMPANY RESULTS**

Final dividends: Equity Income Trust. Interim dividends: Allied Irish Banks. Cartiers Superfoods. London Trust. Pritchard Services Group. Shiloh Spinners. Interim figures: Sturla Holdings.

**COMPANY MEETING**

Throgmorton Secured Growth Trust, 25, Milk Street, EC, 12.30

# COMPANY NEWS

# Reed Intnl. UK side hit in second quarter

AFTER reduced interest charges, profits before tax of Reed International for the second quarter of 1978-79 were £18.6m against £18.9m, with the total for the six months to September 30, 1978 amounting to £40.1m compared with £39.4m in the same period last year.

Operating profits in the second quarter of £26.2m (£28.8m) comprise a downturn in the UK—£12.5m (£17.1m) and £13.7m against £11.7m from overseas.

Meanwhile the Canadian subsidiary, Reed Paper has reported its first profitable third quarter in two years with net earnings of Can$3.3m or 13 cents per common share after extraordinary items. In the same period last year, the company incurred a net loss of $6.1m or 35 cents a share.

Reed International's UK operating profit reported for the quarter and the half-year has been reduced by a provision of £5.2m which represents the costs of repatriating part of the proceeds of the sale of Reed Nampak through the Securities Rand market together with the future cost of net interest payable on loans of DM54m raised for the original purchase of Reed Nampak.

The sale proceeds included DM54m which have been used to purchase Deutschmark securities with similar maturities to the loans but carrying lower interest rates.

As previously indicated the Board has declared an interim dividend of 3p per £1 ordinary share against 5.9555p absorbing £3.3m (£6.6m). Earnings per share for the second quarter are stated to be unchanged at 5.5p and are given as 11.8p (11.1p) for the first half.

In 1977-78, dividends totalled 8p on second pre-tax profits of £80m.

Interest charges are progressively declining as the total net debt is reduced, the directors say.

The recently announced sale of the 81 per cent shareholding in Reed Consolidated Industries in Australia, together with the completed sale of the 63 per cent holding in Reed Nampak in South Africa, and the agreed disposal of the interests in the British Columbian joint venture companies will result in proceeds in excess of £80m and a reduction in consolidated debt of some £110m. An amount of £13.4m (£14.9m) of the £21.3m overseas operating profit in the half-year to September 30, 1978 was attributed to these three operations.

Despite the profitable third quarter, Reed Paper reported a net loss for the first nine months of 1978 of $3.4m or 28 cents a share against a deficit of $9.6m or 60 cents a share.

The directors say the return to profitability in the third quarter was welcomed and the major reasons were the low level of the Canadian dollar, a good newsprint market and the reduction in costs and improvements in productivity.

Mr. D. A. MacIver, president and chief executive officer of Reed Paper, said Mr. M. H. Cochrane, chairman of the Board, had resigned to take up a senior position with a major Canadian corporation. The name of the corporation was not disclosed.

Mr. Cochrane will continue as a director of the company and will remain as chairman until January, 1979.

See Lex

## HIGHLIGHTS

The half-time figures from **Reed International** represent a mixed bag of trading experiences. There is a recovery in Canada but some provisions depress the overall profits and pre-tax Reed is ahead from £39.4m to just £40.1m. **Hepworth** has come up with some good figures showing pre-tax profits for the year 47 per cent higher on a sales volume increase of a tenth. Lex also considers the effect of the halt in production of Iranian oil on the world's oil companies. Elsewhere **Avana** continues to drive ahead—interim profits are up 80 per cent. **Bambers**, the store group, is also painting a buoyant picture, and **Linread** has made a full recovery. But at **Polymark** margin pressures at home have slowed profits growth and **Graig Shipping** is fighting to keep afloat.

# Upsurge for Bambers—interim doubled

MORE THAN trebled profits for the half year, a doubled interim dividend, and a forecast of the year's profits well in excess of the £1.36m achieved in 1977-78, is the news for shareholders in Bambers Stores, formerly known as Vernon Fashion Group.

Including £130,633 surplus on disposals of properties, against a £5,527 loss last time, profits for the half year ended July 29, 1978, have shot up from £203,489 to £639,097.

Turnover advanced by £2.8m to £6.86m; and the rate of increase has also been matched during the second half to date.

The group makes and sells ladies' and children's wear. So far this year it has opened a further 35 stores, all of which are trading profitably. An additional 15 are due to be opened by the year end, which will bring the total to 140.

Earnings have risen from an adjusted 3.16p to 6.77p per 10p share, and the interim dividend is effectively doubled from 0.70265p to 1.4266p net. For the year the maximum allowed under the new legislation will be paid. The 1977-78 final was equal to 0.831p.

Also proposed is a one-for-two scrip issue, which will give the company trustee status. The new shares will rank for the final dividend.

| | First half 1978 £ | 1977 £ |
|---|---|---|
| Turnover .................. | 6,856,904 | 4,045,182 |
| Trading profit .......... | 508,464 | 209,016 |
| Property profit .......... | 130,633 | *5,527 |
| Profit before taxation ... | 639,097 | 203,489 |
| Taxation .................. | †102,895 | 32,762 |
| Net profit .................. | 536,202 | 170,727 |

*Loss. † Estimated at 16.1 per cent below the rate provided in the accounts for the year ended January 26, 1978.

### ● comment

After a dramatic expansion in the provinces, Bambers will be tentatively testing London reaction to it's medium to lower priced range of women's and children's wear, when it opens stores at Hammersmith and Wandsworth later this year. The London stores will be part of 15 the group expects to open by the end of this year to take the total number operated to 140. The growth in the number of stores is part of the explanation behind the expansion in profits but it appears that the group has also benefited from a strong recovery in consumer spending within its target market that has accompanied the rise in real wages this year. Investors looking for a dramatic increase in dividend were rewarded as the group has announced a 100 per cent interim increase and directors plan to recommend the maximum allowed for the full year under the new legislation. Dividend cover last year was 6.5 times and directors have forecast profits far in excess of the £1.3m earned before tax last year. But there has already been buying in anticipation of the profit growth and dividend increase. The stock is interesting but not necessarily cheap.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corresponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Aberdeen Trust .............. | 3.6 | Dec. 23 | 3.3 | 5.85 | 4.65 |
| Audio Fidelity .............. | 2.1 | Jan. 5 | 2.1 | 2.1 | 2.1 |
| Avana ..................int. | 0.65 | Jan. 3 | 0.5 | — | 1.09 |
| Bambers Stores .........int. | 1.43 | Dec. 23 | 0.7* | — | 1.53* |
| John Beales ...............int. | 1.4 | — | 1.2 | — | 2.88‡ |
| Border and Southern ...... | 1.15 | Jan. 3 | 1 | 1.7 | 1.5 |
| Empress Services ........... | nil | — | 0.1 | 0.1 | 0.2 |
| Graig Shipping ...........int. | nil | — | 4 | — | 8 |
| Hambros Inv. .............int. | 1.5 | Dec. 15 | 1.5 | — | 3.75 |
| Hensher ..................... | 1.1 | Dec. 6 | 1.0 | 1.1 | 1.0 |
| J. Hepworth .................. | 1.82 | — | 1.3* | 2.54 | 2.09* |
| Kinta Kellas ............§int. | 50 | Dec. 6 | 50 | — | 175 |
| Lake View Inv. Tst. ¶int. | 1 | Dec. 1 | 0.75 | — | 2.4 |
| Linread ...................... | 1.5 | Dec. 11 | 1 | 2.5 | 2 |
| Ldn. Entertainments ...... | 1.5 | Dec. 8 | 1.38 | 1.5 | 1.38 |
| Wm. Low ..................... | 4.46 | Jan. 4 | 3.82 | 6.11 | 5.47 |
| N. Atlantic Secs. ............ | 1.87 | — | 1.7 | 3.07 | 2.7 |
| Polymark .................int. | 1.52 | Apr. 6 | 1.36 | — | 2.76 |
| Reed Intnl. ..............int. | 3 | Jan. 9 | 5.96 | — | 8 |

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Plus additional 0.0255p now payable. § Gross throughout. ¶ Total unlikely to be raised by as great a percentage.

# £0.36m by Audio Fidelity

DESPITE a second-half advance from £230,990 to £259,439 pre-tax profits of Audio Fidelity finished the April 30, 1978 year down at £363,207 against £427,708. Turnover rose from £3.9m to £4.41m.

The directors state that results included losses incurred in closing five unprofitable shops and that very satisfactory 1978-79 interim figures can be reasonably expected.

On the figures available to date they feel a break-even situation should occur for the retail side, in the normally quiet first half, and they say that manufacturing profit contributions continue to increase.

After tax £195,334 (£228,589) earnings are shown as 6.17p per 10p share compared with 7.32p and the dividend payment is unchanged at 2.1p net.

The company is a manufacturer, wholesaler and retailer of hi-fidelity sound equipment.

# Hambros ahead in first half

REVENUE of Hambros Investment Trust for the half year to September 30, 1978, emerged higher at £640,831 against £594,598 after tax of £363,989 compared with £362,077. Gross income rose from £1,423,815 to £1,494,065 for the period.

Earnings per 25p share are shown to be up from 2.15p to 2.32p and the interim dividend is unchanged at 1.5p net—last year's final was 2.25p from net revenue of £1,071,016.

Net asset value was 150.6p (128.5p) per share with prior charges at par, and 160.6p (138.2p) prior charges at market value.

### RANDALLS GROUP

Shareholders in Randalls Group holding a total of 937,886 ordinary shares (representing 37.67 per cent of the total) have now irrevocably undertaken to accept the offer from Whitecroft.

# Polymark sees peak for year

FOR THE first half of 1978 the directors of Polymark International report turnover ahead from £5.85m to £7.35m and a rise in pre-tax profits from £400,000 to £432,000. Profits for the whole of 1977 were a peak £849,000.

They add that the second half of the current year has started satisfactorily, with activity well above the corresponding period last year, and are therefore confident of further significant growth for the full year.

The attributable balance came out at £211,000 (£171,000) after tax £210,000 (£223,000) and minorities £2,000 (£6,000). The interim dividend is up from 1.36125p to 1.52p net per 10p share and absorbs £82,000 (£74,000).

First-half profits do not include any exchange profit on consolidation, and any surplus or deficit resulting from conversion of assets and liabilities of overseas subsidiaries at exchange rates ruling at June 30. The accounts for the full year will include the profit on exchange based on the rates applicable at the year-end.

### ● comment

In spite of first half sales almost 30 per cent higher, Polymark International's profits increase is only six per cent. As the lower tax charge suggests, UK profits are around 15 per cent lower, despite increased turnover. Here, the problem was in the important laundry division, where business during the period included a few high value, but low margin contracts. However, activities elsewhere more than offset this shortfall, especially in France, although TI Raleigh bicycle sales were disappointing because of the poor summer weather. The expanding Eire subsidiary is now in the black and the company intends to divert some of the more profitable Transtat (garment labelling) business away from the UK because of the more favourable tax concessions in that country. The company expects a £0.2m expenditure programme (mainly marketing and R and D) to start making an impact in the second half. However, the recent hospital dispute seems to have delayed some big orders for laundry equipment, and these sales will only now come through next year. Nevertheless, Polymark is on target for around £1m this year (£0.85m). At this level the shares, at 53p, are on a prospective p/e of 5.8 while the yield is nearly nine per cent.

# Linread tops forecast but warns of slowdown

WITH A jump in pre-tax profits from £166,000 to £615,000 for the year ended July 29, 1978, Linread, maker of cold forged fasteners, has comfortably exceeded the forecast of around £400,000 made at the halfway stage, but the directors warn that a continuation of this level cannot be anticipated.

They say that order intake for the company's major division, commercial products, is below that of the second half of 1977-78 and, while not a forecast, they point out a profit level for the current six months more in line with the same period of last year is considered the best estimate.

At midway, profits were ahead from £144,000 to £189,000.

However, the company is well placed to take advantage of any upturn in demand, they now add.

Last year's profits were struck after an operating loss of £286,000 from its Australian subsidiary. After adjusting for this non-recurring deficit, there was an improvement of £163,000 (36 per cent) in 1977-78.

Turnover advanced from £14.3m to £15.16m, and group earnings emerged at £324,000 (£169,000 loss) after tax and minorities, but before extraordinary debits of £296,000 (£22,000 credit).

Extraordinary losses arise mainly from the loss of exchange (£238,000) on settling a Swiss franc loan taken out in 1973 and additional winding-up costs of Australia (£67,000).

Stated earnings per 25p share are 6.05p, compared with a 3.16p loss last time. As forecast in the interim statement, the dividend total is raised from 2p to 2.5p net, with a final of 1.5p which has been waived in respect of 2.21m shares.

| | 1977-78 £000 | 1976-77 £000 |
|---|---|---|
| Turnover .................. | 15,158 | 14,297 |
| Profit .................. | 1,375 | 1,255 |
| Depreciation, etc. ........ | 395 | 404 |
| Interest payable .......... | 365 | 399 |
| Australian loss .......... | — | 286 |
| Profit before tax .......... | 615 | 166 |
| Tax* .................. | 249 | 296 |
| Minorities .................. | 42 | 39 |
| Earnings .................. | 324 | †169 |
| Extraord. losses .......... | 296 | ‡22 |
| Dividends .................. | 73 | 60 |

* Comprises £140,000 (£163,000) UK tax after overseas relief, £96,000 (£130,000) overseas tax, £13,000 (£3,000) prior year adjustment. † Loss. ‡ Profits.

### ● comment

In beating its interim forecast by more than £0.2m, Linread has made full recovery to the 1971-72 profits level. The company now frankly admits that its assessment for the full year was too conservative and says that the improvement was spread over all divisions. Stripping out the non-recurring loss of £286,000 from the Australian manufacturing company (wound up in July, 1977), profits are 36 per cent higher. In the important commercial products division (main customer, the automobile industry) sales are 13 per cent higher with profits showing a 50 per cent increase, thanks to a small volume gain. The aircraft products division (eight per cent of group sales) continues to incur losses, although at a reduced rate. Meanwhile, the company warns that current levels of demand will only enable profits to be maintained in the current first half. This may well be the pattern for the whole year if the demand for cold forged fasteners does not pick up. At 35p the shares stand on a p/e of 5.5 while the yield is a solid 11.1 per cent.

# Graig passes interim

WITH A pre-tax loss for the half-year to September 30, 1978, little changed at £778,330 against £774,043, Graig Shipping Company is passing its interim dividend compared with a net payment of 4p per £1 share last time, which was followed by a similar final.

Struck after loan interest, trading loss for the period decreased from £409,599 to £155,254, but was subject to a heavier depreciation charge of £623,076 against £364,446.

As from April 1, 1978 the entire balance of deferred tax account was transferred to revenue reserve and therefore no tax credit has been taken into account in the current half year figures. For last year's same period there was a credit of £391,697 transferred from deferred tax.

For all the 1977-78 year, the company incurred a loss of £755,426, after crediting £735,108 deferred tax.

### ● comment

Gone are the days when Graig Shipping could afford to dabble in speculative purchases of vintage port and copper wire bars. As its interim figures indicate, all its efforts are being deployed in keeping the company afloat. It has passed its interim dividend and its after tax loss of £778,000 is slightly more than the group's current market capitalisation. Admittedly, at the trading level there was some improvement but this was completely cancelled out by sharply higher interest and depreciation charges which reflect the impact of last year's acquisition of the MV Graigwen. The financial picture would be even bleaker if Graig had taken delivery of its second bulk carrier from Japan. However, there still seem to be some technical problems. In the short term Graig has improved its liquidity by the sale of the MV Graigaur in the summer and if the worst comes to the worst it could sell the MV Graigffion which is free of debt. Although its bid to seek a moratorium on its Japanese borrowings has been snubbed, Graig still feels that it can cope without turning to the UK government for help. Perhaps because the price would be too high.

# Wm. Low profit dips £0.2m as competition bites

THE DIRECTORS of Wm. Low and Company, supermarket operating concern, report turnover well ahead from £48.78m to £62.07m for the year to September 2, 1978 but a fall in taxable profits from a record £1.61m to £1.4m.

Although turnover was up by 27 per cent the directors state that for most of the year they were unable to meet their estimates of gross margin. Trading conditions were highly competitive, they add, and in spite of an aggressive pricing policy, the company's operating profit was down.

The present trading pattern is expected to remain more or less stable and the directors look for a modest improvement in profits in the current year.

In the first half profit fell from £730,791 to £619,917 and the directors expected the figure for the full year to be something similar to the previous year's level.

Earnings per 20p share for 1977/78 are shown as 18.25p (19.43p) and the dividend is lifted to 6.1115p (5.473p) net with a final payment of 4.4615p.

Pre-tax figure was struck after interest £189,511 (£228,396) and included the profit on the sale of assets £107,178 (£3,918). Tax took £274,009 against £358,156 leaving a net profit of £1.13m (£1.25m).

The company's development programme is being well maintained the directors state: in current year openings at Berwick and Dundee will give a net increase of 14,000 sq ft and a further net 14,000 sq ft will come from openings at Bo'ness and Bathgate before the end of 1979.

Lowfreeze is doing very well in both volume and profit terms and the directors estimate this to produce 7 per cent of the current year's group profit.

# Big increase at Saville Gordon

For the first half of the current year J. Saville Gordon was looking for profits around £600,000, compared with £202,000 a year earlier, the annual meeting was told by the chairman Mr. J. D. Saville.

And given fair trading conditions he saw no reason why that should not continue into the second half. In the corresponding period last year the group earned £551,000.

Mr. Saville said progress was most satisfactory, for although some companies within the group had their flat spots, in the main all companies were trading at a much higher level than last year and the profit should follow that pattern also.

Stock holding division was continuing to increase its turnover and there was no reason why earnings should not be significantly higher. The scrap side was also trading on a much higher plane than the depressed level experienced last year, and with the exception of the non-ferrous side (copper based alloys) the group was particularly busy.

# Pref. objectors delay Cedar re-listing

SECONDARY BANKING group Cedar Holdings will not be able to get a relisting for its shares in the immediate future. This is because it is not able to achieve the capital reorganisation that it feels would be necessary, due to objections from some preference share holders.

This was reported yesterday by the chairman, Mr. Simon Coorsh, in his statement covering the year ending June 30, 1978.

Cedar's profits in that year rose from £880,000 to £917,000 pre-tax. Cedar, one of the early victims of the secondary banking crisis, was propped up by its bankers together with four major institutions.

During last year Cedar repaid support funds to the institutions totalling nearly £4.9m. The outstanding balance is now somewhat less than £2m, having been reduced from a high of £56.5m.

To achieve a relisting a reconstruction of its capital would be necessary. As a result of the rescue by the institutions there is £1.4m of ordinary capital in issue and £7.8m of preference.

The Electricity Pension fund holds 20.6 per cent of the ordinary and 24.2 per cent of the preference, Cool Board Pension Fund 17.8 per cent and 23.4 per cent respectively, Phoenix Assurance 10.9 per cent and 12.6 per cent and Unilever Superannuation 10.1 per cent and 11.7 per cent.

Mr. Coorsh said that an important section of the preference holders was against a capital reorganisation while Cedar still has some of the support funds to repay.

Because of the need to repay the institutions and build up retained profits the directors again are not recommending a dividend on either the ordinary or the preference.

This current year is the first time that the 5 per cent preference shares will be entitled to half of their payment on a cumulative basis. Up to now the full 5 per cent was non-cumulative.

The preference shares must receive 5 per cent before Cedar can return to paying ordinary dividends.

# Hepworth's 47% profit rise

RECORD SALES and profits are reported by J. Hepworth and Son, multiple tailor, for the year ended August 31, 1978.

Principally as a result of increased sales of its traditional merchandise together with extensions to its product range, pre-tax profits jumped 47 per cent from £3.56m to £5.23m, with £2.76m against £2.03m arising in the first six months.

Turnover, excluding VAT, rose 23 per cent to £42.62m, and since the year-end has continued to be buoyant and shown a 23 per cent increase over 1977-78.

Mainly due to a reduction in stock relief claimable this year, the 1977-78 UK tax charge was higher at £2.59m, compared with £0.98m last time.

After minorities of £6,000 (nil) and extraordinary profits, £0.43m (£1.25m), mainly arising from property sales, the attributable balance was down from £3.88m to £3.06m.

Stated earnings, before extraordinary items, are 6.33p (6.25p) per 10p share, and the dividend is effectively raised from 2.091p to the maximum permitted 2.54p net, absorbing £1.04m (£0.93m), with a 1.82p final.

See Lex

# Nth. Atlantic pays 3.07p

Pre-tax revenue of North Atlantic Securities Corporation rose from £820,901 to £877,866 for the year to September 30, 1978, and the net dividend is increased from 2.7p to 3.07p with a final payment of 1.87p per 25p share.

Gross revenue came to £1.28m against £1.13m and the pre-tax figure was struck after directors' fees and management expenses, £56,331 (£48,888) and gross debenture and loan stock interest of £349,364 (£281,787). Tax took £312,776 (£318,509) leaving a net revenue of £564,890 compared with £502,392.

The directors say that the gross and net revenue figures are not comparable due to a U.S.$ 2.3m loan raised in August 1977.

The surplus retained was £28,86[illegible] (£30,972) after dividends, which absorbed £536,022 (£471,420).

Net asset value is given as 135 (123½p) per share and 129¼ (119½p) assuming full conversion of loan stock.

# Hensher improves in second half

SECOND HALF profits of Hensher (Furniture Trades) rose from £307,026 to £393,532, offsetting the first half fall, and taking the total for the year ended March 3[illegible] 1978, up to £610,550 compared with £553,396.

Turnover of the group, which manufactures and sells upholstered furniture, rose from £4.73m to £5.15m. The pre-tax profit included associates profit £36,573 (£13,176), interest receivable £68,643 (£23,285) and rent £72,632 (£69,174). Tax required £346,821 (£281,163), leaving the net profit at £263,729 against £272,233.

There is an adjustment of £116,607 (£17,851 debit) arising from the liquidation of G. Hensher—last year there was a transfer of £257,816 from capital reserve. Earnings per 10p share are stated at 5.4p (5.6p).

The dividend is raised from 1p to 1.1p.

## ISSUE NEWS

# Yearlings at 11⅛% high

The coupon rate on local authority yearling bonds hit a high for the year of 11⅛ per cent when pricing details were released yesterday. The new rate compares with 10⅞ per cent last week and the previous high of 11 per cent reached two weeks ago. The low for the year was 6⅛ per cent in early January.

The latest yearlings are issued at par and are due on November 7, 1979.

The issues are: Merthyr Tydfil Borough Council (£0.5m), Brentwood District Council (£0.5m), City of Kingston upon Hull (£1m), Walsall Metropolitan Borough Council (£1m), West Derbyshire District Council (£0.5m), Staffordshire County Council (£1.5m), Shepway District Council (£0.5m), Bracknell District Council (£0.5m), London Borough of Lambeth (£1m), Highland Regional Council (£1m), City of Sheffield (£1m), Stafford Borough Council (£0.5m), Waverley District Council (£1m), Woodspring District Council (£0.25m), City of Norwich (£1.25m) and Borough of High Peak (£0.5m).

City of Bristol is raising £0.75m by way of variable rate bonds issued at £99¼. The bonds are repayable at £100 on October 26, 1983. Interest is 1¼ per cent above the six month London interbank rate. The rate payable for the six months to May 1, 1979, is 12.75 per cent a year (equal to 6.375 per cent for the period).

### NEB/FERRANTI

Acceptances have been received in respect of approximately 98.6 per cent of the 2.67m new ordinary stock units of Ferranti offered for sale by the NEB at 101p per share.

The new stock units not taken up have been sold at a net premium of 27¼p over the issue price, which will be distributed in proportion among the stockholders who were originally entitled to the stock units, except that no payment will be made for any amount less than £1.

### HUME RESULT

Holders of 45.6 per cent of Hume Holding's convertible unsecured loan stock and 28 per cent of its "B" convertible unsecured loan stock have elected to convert their stocks to "A" and "B" shares.

As a result 203,644 "A" shares and 31,260 "B" shares will be issued and allotted today. The "B" class share dividend for the year to June 30, 1978, was confirmed at 7.621985 "B" shares for each 100 "B" shares held and will be issued on November 2 to shareholders registered with the company on October 27.

### MIDLAND BANK STATISTICS

Statistics compiled by Midland Bank show that the amount of "new money" raised in the UK by the issue of marketable securities in October was only £13.5m compared with £130.8m in the corresponding month of 1977. This is the smallest monthly total since March and the second lowest in the past four years.

In the first 10 months of the year, £825.3m has been raised compared with £1,213.9m in the same period of 1977.

### CHEPSTOW RACECOURSE

Chepstow Racecourse is to raise £111,530 by way of an issue of 5 per cent convertible unsecured loan stock issued at par to shareholders on the basis of £1 stock for every share they hold.

### PROVL. LAUNDRIES

Provincial Laundries announced yesterday that acceptances in respect of the recent rights issue of convertible loan stock totalled £304,961. The balance of £60,0[illegible] was sold through the market at 123½p. Qualifying shareholders will receive 29.21484p net.

# Ellerman falls £3.3m after shipping losses

REFLECTING MUCH higher interest charges and a very poor shipping performance, group pre-tax profits of Ellerman Lines fell sharply from £4.07m to £0.75 in the half year ended June 30, 1978.

Mr Dennis Martin-Jenkins, chairman, says that the difficulties of the year have been eased by the group's diversified interests. He does not foresee any recovery in shipping and transport in the second half but expects the brewing, travel and other operations to end 1978 considerably above last year's level of profits.

Pointing to the increase from £1.88m to £2.97m in finance charges the chairman explains that the group is still in the middle of a major investment programme, particularly in container ships. He feels that the rewards of this action should be evident in later years.

The group's capital programme has coincided with the current severe shipping crisis, producing a loss in this field after all charges. However the group has benefited from the diversification policy and the non-shipping interests have performed well, producing strong profits with few associated finance charges.

Turnover in the half year was up from £73.22m to £87.54m and profit from trading operations came through at £2.25m against £3.88m. Turnover included £8.55m (nil) from Tollemache and Cobbold Breweries and £4.94m (£0.68m) from Gold Case Travel which were acquired on September 7, 1977, and June 17, 1977, respectively.

The trading profit includes profits from sales of ships of £1m (£0.89m) and also reflects an exceptional sum of £300,000 as a provision for improved pension benefits.

The interim dividend on the £4.07m privately held equity is unchanged at 2.25p. The profit for 1977 was £7.83m.

| | First half 1978 | 1977 |
|---|---|---|
| | £000 | £000 |
| Turnover | 87,543 | 73,222 |
| Trading profit | 2,248 | 3,858 |
| Share of associates | 332 | 234 |
| Investment income | 1,131 | 1,862 |
| Finance charges | 2,965 | 1,883 |
| Profit before tax | 746 | 4,071 |
| Taxation | 448 | 265 |
| Net profit | 298 | 3,806 |
| Minority interest | 34 | 10 |
| Net attributable | 265 | 3,796 |
| Extraordinary items† | 534 | 529 |
| Net loss | 269 | 3,267 |
| Dividends | 118 | 118 |
| Deficit retained | 387 | *3,149 |

† The largest amount of £534,000 is a provision for costs associated with fleet rationalisation. * Profit.

At J. W. Cameron, the Hartlepool based brewing division, profits for the first half of 1978 increased from £1.2m to £1.7m reflecting higher sales (up from £16.1m to £18.9m) particularly in the free trade where several new outlets were added.

Plans are in hand at the Lion Brewery, Hartlepool, to invest £1.2m in increasing fermentation and maturation capacity.

The interim dividend is unchanged at 0.3125p—the profit for 1977 was £3.23m.

In East Anglia, Tollemache and Cobbold another brewing offshoot made a pre-tax profit of £108,000. Changes in accounting policies and dates following acquisition by Ellerman make comparisons difficult but there is a fall compared with the £172,000 in the same period of the previous year. Turnover amounted to £8.58m (£7.7m).

The directors attribute the fall to a reduction in the profits on property sales and extra finance charges arising out of development work at the Ipswich brewery from which considerable future benefits should arise.

During the first half, beer sales were slow, while wines and spirits sales were up. However, trading subsequent to June has been subject to even more adverse weather conditions which severely affected the traditional holiday areas causing a further decline in beer sales.

Wines and spirits sales, however, continue to grow but the net effect of the trade pattern coupled with a continuation of heavy development expenditure is that the group is not expected to achieve profits for the year significantly different from the corresponding period in 1977.

## Aberdeen Trust

After all charges including tax of £780,020 against £713,511, net revenue of Aberdeen Trust improved from £1.23m to £1.4m for the year ended September 30, 1978.

The final dividend is 3.6p per 25p share, making a total of 5.35p. A one-for-two scrip issue is also proposed.

# Avana up 83% in 26 weeks

FOR the 26 weeks ended September 30, 1978, turnover of Avana Group, cake maker, baker and confectioner, rose 13.1 per cent to £15.83m and pre-tax profits were 83 per cent higher at £1.41m against £769,000 in the same period last year.

The directors take an optimistic view of trading prospects in the second six months and feel there is every reason to expect that the year's profit result will record a further period of growth.

The net interim dividend is stepped up from 0.5p to 0.65p—the total in 1977-78 was 1.0979p from peak pre-tax profits of £2.34m. The dividend policy is being reviewed, the directors say, and the distribution for the year will reflect the foreseen higher level of earnings.

Over the half year only 1/10th of the sales increase was attributable to price increases since the start of the financial year. Profits reflect the benefit of higher volume sales on net margins combined with better product mix and better all round control of operations.

The directors also report that the performance in all factories continues to improve and progress has been aided by more stable raw material prices stemming primarily from the weakness of the U.S. dollar. A major re-equipment has been embarked upon at Rogerstone to develop new lines of production where there are assured markets and certain success.

The group's business is becoming less seasonal and the profit increase reflects some degree of equalisation between the two half years, the board states.

The capital investment programme has continued and must support an increasing level of profitability and further secure future earnings potential. The group is a major supplier to Marks and Spencer.

### ● comment

In three and a half years, Dr. John Randall has revolutionised Avana. When he was appointed managing director in April, 1975, annual profits were £272,041. Last year the full-year figure was £2.3m and in the first six months of this year profits have jumped more than 80 per cent to £1.4m. Capital investment in new equipment and better utilisation of capacity are just part of the story. At the centre is a major change in the product profile plus a decision by Marks and Spencer to increase food retailing activities. M and S takes about 30 per cent of Avana's production. The two companies decided that the best way to beat the High Street food price war was to allow products to drift upmarket, thus maintaining margins, while stressing quality and emphasising the customer's need for value for money. A further factor, specific to the first half growth, was the decision to reduce the seasonality of Avana's results by building up first-half sales. Second-half performance continues to be strong and a full-year figure of £3.1m looks possible. If first-half dividend growth is maintained, the shares, at 61½p yield 3.5 per cent and have a prospective p/e of 8.4.

# British Northrop downturn

REDUCED TURNOVER of £1.92m against £2.12m and pre-tax profits down from £373,000 to £175,000 are reported by British Northrop for the first six months of 1978. Last year, profits totalled £501,000.

The first half profit is after interest of £98,000 (£92,000). Tax takes £12,000 (same) giving earnings per 50p share of 9.37p against 20.76p.

The directors say the results stem from difficult trading conditions worldwide in the textile industry and the reluctance of customers to place new orders.

On the development side, however, further excellent progress has been achieved in regard to the Rapier shuttleless loom. This together with the newly established reconditioning services places the group in a better position to take advantage of any recovery.

For the moment however, trading is difficult and therefore the effect of any recovery in the level of orders is unlikely to be reflected in improved profitability until the early part of 1979.

# John Beales profits dip midway: improvement seen

PROFITS before tax of John Beales Associated Companies were down from £552,000 to £479,000 in the first half year ended September 19, 1978, but the directors say prospects are for an improvement in the second half.

Profits in the first half take into account a £13,000 (£10,000) surplus on sales of plant and is after interest of £74,000 against £108,000 and £127,000 (£139,000) depreciation.

The interim dividend is raised from 1.2p to 1.4p per share and as a result of the tax rate reduction, a supplementary dividend of 0.0255p is also being paid. Last year's total was 2.8832p from pre-tax profits of £1.21m.

Sales in the first half amounted to £9.08m against £8.71m. Tax charge was £249,000 (£287,000).

The directors explain that considerable productions of garments from a specialist fabric was planned to counter sharp changes in fashion, but arrangements were aborted at high cost due to non-delivery from a respected supplier.

This, together with a narrowing of margins, was mainly responsible for reduced profits. Borrowings were materially lower, which is reflected in the reduced interest charges.

The group makes "Marathon" underwear and outerwear and is a major supplier to Marks and Spencer.

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

**TODAY**

Interims—Allied Irish Banks, Cartiers Superfoods, English and International Trust, London Trust, Macdonald Martin Distilleries, Pritchard Services, Shiloh Spinners.

Finals—Equity Income Trust.

**FUTURE DATES**

Interims—

| | |
|---|---|
| Allied Leather Industries | Nov. 23 |
| Cocksedge | Nov. 22 |
| Continental and Industrial Trust | Nov. 9 |
| Flight Refuelling | Nov. 9 |
| Unilever | Nov. 13 |
| Unilever NV | Nov. 13 |

Finals—

| | |
|---|---|
| British Car Auction | Nov. 6 |
| Kwik Save Discount | Nov. 16 |
| Northern American Trust | Nov. 16 |
| Safeguard Industrial Investments | Nov. 8 |
| Yarrow | Nov. 6 |

# Wallersteiner bankruptcy

In the 1977/78 accounts of H. J. Baldwin and Company the directors report states that the Trustee in Bankruptcy of Dr. W. K. Wallersteiner, Mr. Christopher Morris, reported on August 21, 1978, that proofs of debt in bankruptcy have so far been received for a total of £21,378,341.

Of these proof debts, £898,994 has been submitted in three claims by H. J. Baldwin and Company and £2,149,137 has been submitted in three claims by Hartley Baird. H. J. Baldwin's claims consist of £45,128 based upon its judgment debts in the action Wallersteiner v Moir, and the rest consists of further claims in that action. Hartley Baird's claims consist of £557,209 based on its judgment in the action Wallersteiner v Moir, and the rest of its claims consist of further claims made on its behalf in that action.

The Trustee's report stated that all these claims are under investigation and discussion and a number of the larger claims which have been received may have to be rejected in whole or in part.

The directors were advised on September 27 that the total funds in the hands of the Trustee in Bankruptcy were as follows: monies received up to August 1, 1978, £47,521 and payments to date £14,374. The Trustee also notes that the balance is subject to substantial costs.

## COMLEY & PITT REPAYMENT

Comley and Pitt, a wholly owned subsidiary of LCP Holdings, is proposing the repayment of the outstanding £325,657 of its 8½ per cent first mortgage debenture stock 1990-95 at £95 per cent, together with interest accrued.

# Reed International Limited

*Consolidated Profit Statement for the 6 months ended 30th September 1978*

| 3 Months Ended 30.9.77 | 3 Months Ended 30.9.78 | | 6 Months Ended 30.9.78 | 6 Months Ended 30.9.77 |
|---|---|---|---|---|
| £ million (unaudited) | | | £ million (unaudited) | |
| 405.2 | 426.3 | SALES | 824.2 | 799.7 |
| 216.5 | 233.9 | United Kingdom and Exports | 469.9 | 434.3 |
| 188.7 | 192.4 | Overseas | 354.3 | 365.4 |
| 25.4 | 24.1 | TRADING PROFIT | 53.2 | 52.2 |
| 3.4 | 2.1 | SHARE OF PROFITS OF ASSOCIATED COMPANIES | 3.2 | 6.8 |
| 28.8 | 26.2 | OPERATING PROFIT | 56.4 | 59.0 |
| 17.1 | *12.5 | United Kingdom ... Note 1 | *35.1 | 36.9 |
| 11.7 | 13.7 | Overseas ... Note 2 | 21.3 | 22.1 |
| (9.9) | (7.6) | INTEREST | (16.3) | (19.6) |
| 18.9 | 18.6 | PROFIT BEFORE TAXATION | 40.1 | 39.4 |
| 10.9 | 10.6 | TAXATION | 23.7 | 23.5 |
| 6.4 | 5.4 | United Kingdom | 15.2 | 14.4 |
| 4.5 | 5.2 | Overseas | 8.5 | 9.1 |
| 8.0 | 8.0 | PROFIT AFTER TAXATION | 16.4 | 15.9 |
| 1.9 | 1.9 | MINORITY INTERESTS | 3.1 | 3.5 |
| 6.1 | 6.1 | PROFIT attributable to shareholders | 13.3 | 12.4 |
| | | EARNINGS PER ORDINARY SHARE OF £1 | | |
| 5.5p | 5.5p | for 3 months ended 30th September | | |
| | | for 6 months ended 30th September | 11.8p | 11.1p |
| | | for 12 months ended 31st March 1978 | | 21.9p |

Notes:* (1) U.K. Operating Profit is after an exceptional provision of £5.2m.

(2) Overseas Operating Profit relates to the period ending 30th June 1978.

**Review**

U.K. Operating Profit for the 6 months ended 30th September 1978 was £40.3m before an exceptional provision of £5.2m described below. The Company's share of profits in Associated Companies in the half-year to 30th September 1977 included £2.0m from ATV and Kimberly-Clark which were sold in that year. The direct comparison for existing operations is an increase of 15% from £34.9m reflecting continued successful trading by the home-based divisions.

Overseas Operating Profit for the half-year was £21.3m compared with the £14.2m reported in the second half of last year.

Interest charges are progressively declining as the Company's total net debt is reduced.

The recently announced sale of the Company's 81% shareholding in Reed Consolidated Industries in Australia, together with the completed sale of the 63% holding in Reed Nampak in South Africa, and the agreed disposal of the Company's interests in the British Columbian Joint Venture companies will result in proceeds in excess of £80m and a reduction in consolidated debt of some £110m. This major restructuring would, in isolation from normal trading results, reduce the debt/equity ratio from 211% at the end of last year to about 130%. £13.4m (1977-£14.9m) of the £21.3m Overseas Operating Profit in the half-year to 30th September 1978 was attributed to these three operations.

UK Operating Profit reported for the quarter and the half-year have been reduced by a provision of £5.2m which represents the costs of repatriating part of the proceeds of the sale of Reed Nampak through the Securities Rand market together with the future cost of net interest payable on loans of DM54 million raised for the original purchase of Reed Nampak. The sale proceeds included DM54 million which have been used to purchase Deutschmark securities with similar maturities to the loans but carrying lower interest rates.

As previously indicated the Board has declared in respect of the year ending 31st March 1979, an interim dividend of 3p per £1 Ordinary Share (1977—5.9555p) absorbing £3.3m (1977—£6.6m). This dividend will be paid on 9th January 1979 to shareholders on the register on 24th November 1978.

REED INTERNATIONAL LIMITED REED HOUSE PICCADILLY LONDON W1A 1EJ

Sime Darby

# TO ALL SHAREHOLDERS OF Sime Darby Holdings Limited

At the Annual General Meeting on 17th November, Shareholders will vote on your Board's recommendation that Price Waterhouse & Company be appointed Auditors in place of the Company's present Auditors, Turquand, Youngs & Company.

Your Board urges you **not** to submit signed proxy forms until you have considered the representations on this matter put forward **both** by Turquand, Youngs & Company and by your Board.

Representations by both parties will be posted to all Shareholders later this week.

## MINING NEWS

# Putting Ashton into a cooler perspective

BY KENNETH MARSTON, MINING EDITOR

THE NEXT progress report on the exciting Ashton diamond exploration venture in the Kimberley region of Western Australia will be issued by next Monday. This is announced by **Conzinc Riotinto of Australia** as manager of the project with a stake of 52.6 per cent.

The interim report is to be made at the request of **Ashton Mining**, a partner with an interest of 22.4 per cent in the venture, which would like the results of sampling to the end of October to be made available at the time of first dealings in Ashton Mining shares; they were recently offered to the public at their par value of 50 cents (28p).

CRA's reporting policy in regard to the Ashton venture is basically one of quarterly statements, the next being due in January. But any results considered to be of significance for the development of a commercial mine will be made known immediately.

There will also be announcements made when required by the joint venturers to meet special circumstances such as those associated with share offers. Apart from CRA and Ashton Mining, the other partners are: AO (Australia) 4.6 per cent, Sibeka 7 per cent, Tanganyika Holdings 8.4 per cent and Northern Mining 5 per cent.

In line with its policy of taking the speculative heat out of the venture, CRA delivers a resume of the progress made so far in a format which has been agreed between the joint venture partners and the Stock Exchange, "to provide some perspective for past and future sampling results."

It underlines the point that at this early stage the results being obtained cannot give a reliable guide to prospects. For example, the concentration of diamonds in kimberlite is usually very low—typically one part of diamonds to between five and 75m parts of host material—and there are variations in both content and grade of diamonds. A tremendous amount of sampling is thus needed to obtain a buide to the amount and value of diamonds in a given "pipe."

The value of each carat weight (there are 142 carats to the ounce) of diamond can vary enormously, depending on the size, colour, clarity and shape. Values per carat can range from one dollar to many hundreds of dollars.

Clearly, the testing of the 26 pipes so far discovered is going to take time. By end-September there had been insufficient testing of any individual pipe to provide a reliable indication of its prospects, despite the fact that 250 carats had been recovered from 47 samples containing approximately 4,890 cu metres.

During the current quarter scout sampling will be continued and further surface samples will be processed from a number of pipes. Depending on the results obtained a decision may be taken to start deeper sampling of selected areas during 1979. It is also planned to commission an expert assessment of diamonds from one or more of the pipes if and when parcels of sufficient size become available.

All this suggests that news from the venture is unlikely to hot up until at least after the Australian wet season ends in April. Next year's June and, more particularly, September quarterly reports might be the ones to which will keep the sharemarket on tenterhooks.

### IRISH PROSPECT SEEKS FUNDS

*An offer of up to 500,000 shares* of 5p at a price of 40p per share is being made by Dublin's **Oliver Prospecting and Mining**. The Irish company, which has an issued capital of £50,000, states that it may apply to the Stock Exchange for a quotation on the new section for unlisted securities in due course.

It is stated that **International Nickel Ireland**, a subsidiary of **Inco Metals of Canada** has entered into a joint venture agreement with Oliver Prospecting covering prospecting licences over a total of 450 square miles in Ireland.

So far International Nickel has spent at least £125,000 on exploration work and if the Canadian offshoot raises this spending to £250,000 it will have the option of taking a 50 per cent interest in the licences. The present issue is designed to provide Oliver Prospecting with funds to continue general exploration for minerals on its own account or in joint ventures.

### N. CENTRAL WITS IS OPTIMISTIC

The outlook for the current year is favourable, according to Mr. J. N. Clarke, the chairman of South Africa's **New Central Witwatersrand Areas**, in his annual statement published today. It is expected that revenue from gold interests will improve and the prospects for coal and diamond holdings are seen as good.

New Central Wits is an investment holding company in the Anglo American group. In the 14 months to August it had net income of R395,920 (£217,410) and paid dividends of 22 cents (12.08p) a share.

Its portfolio of investments had a market value of R7.05m (£3.86m) at the end of last August, compared with a value of R4.5m at the end of June 1977.

### ROUND-UP

**Denison Mines**, the second largest uranium producer in Canada, has sold to **Freeport Minerals** all the Freeport shares *it had acquired as an investment*. Last July it was reported that Denison had bought more than 6.5 per cent of Freeport. No financial details have been announced.

* * *

Primary aluminium output at **Comalco**, the Rio Tinto-Zinc group's Australian producer, rose to 142,046 tonnes in the first three quarters of this year from 126,185 tonnes in the comparable period of 1977. But recent industrial disputes affected bauxite production which fell to 5.74m tonnes from 7.49m tonnes over the same periods.

* * *

**Hampton Gold Mining Areas** received A$96,067 (£54,380) in royalty income from the nickel operations in Australia of **Western Mining** during the 12 weeks to September compared with A$285,665 in the 16 weeks to September 1977 and A$223,418 in the 16 weeks to June 1978. Its recent acquisition, the UK Wultex coal mining machinery group, earned profits in excess of the estimate of £800,000 for the year to last May.

# 'Johnnies' hopes to pay more

SOUTH AFRICA'S **Johannesburg Consolidated Investment** mining and industrial group hopes to raise its dividend in the current year to June 30. An unchanged total of 170 cents (93p) was paid for 1977-78 when profits amounted to R42.2m (£23.1m) against R27m, but the 1977-78 profit was struck before a provision of R44.4m against the Namibian **Otjihase** copper mine.

Sir Albert Robinson points out in his annual statement that the group's results for the current year will depend to a large extent on world economic circumstances. He cites the needs to overcome the high rate of inflation and to achieve a faster rate of economic expansion to provide employment as two of the more pressing problems for South Africa to overcome.

For "Johnnies," the objectives are to further reduce its level of debt and to improve productivity. Of the group's problem children he warns that the antimony-producing **Consolidated Murchison** mine may not be able to maintain the current level of production unless there is an improvement in the metal price in the foreseeable future.

Meanwhile, the group's diamond, platinum and gold interests remain in a buoyant phase. In regard to gold, Sir Albert points out that the rising price of the metal has resulted in the group's mineral rights in the vicinity of **Randfontein** and **Western Areas** acquiring more significance.

While they may not justify the establishment of any separate new mine, it might be possible to work the areas in collaboration with nearby mines and viability studies of the areas are being undertaken. "Johnnies" were £14½ yesterday.

## BIDS AND DEALS

# Compromise reached in Tridant battle

A compromise has emerged in the drawn-out bid for **Tridant Group Printers**. Mr. Remo Dipre, Tridant's chairman, who launched a bid for th ecompany in June, has given way to a later offer from **Argus Press Holdings**, but at a price.

Starwest Investment Holdings, the private company owned by Mr. Dipre through which he launched his bid, is in talks with Argus and Tridant which are likely to lead to Starwest acquiring certain subsidiaries of Tridant for cash. Under the arrangement Mr. Dipre would acquire the general printing companies and other subsidiaries, which in the last financial year made between them a loss of £50,000. But net assets attributable to these companies as at March 31, 1978, amounted to £3.7m. Starwest has agreed a purchase price of £850,000 with Argus for those subsidiaries.

The propoøed deal would have no effect on the financial terms of the Argus offer of 100p for each Tridant share. If the deal is approved by shareholders after an extraordinary general meeting, and Mr. Dipre and Starwest have confirmed they will accept the Argus offer, then a proposal for compensation for loss of office by Mr. Dipre is to be put to shareholders for approval. An amount of about £21,000 is likely to be suggested, which would represent around one year of Mr. Dipre's salary.

### MIDLANDS ACCEPTS PREEDY

**Midland Educational**, the Birmingham-based bookseller and stationer which has received no less than three bids, has decided to recommend to shareholders a £3.43m offer made by **Alfred Preedy**.

The recommendation comes after a fortnight's careful consideration by Midland and speculation in the City that perhaps there were other potential bidders waiting in the wings.

Preedy's cash and share bid, which has been revamped and improved a shade since the original announcement in mid-October, offers three ordinary shares in Preedy and £9.75 in cash for every five ordinary shares in Midland. The bid values each Midland share at 245p. Midland's shares rose 7p to 242p. Some 85p cash is being offered for each of preference shares of £1.

Midland rejected the Pentos £2.1m cash bid, and a £2.9m bid from Lonsdale Universal as being inadequate. Mr. E. G. Willcox, Midland's chairman, said yesterday "We are very happy with the Preedy offer. We are so compatible with Preedy that we should be able to expand much faster than with anyone else."

### RANK/TOSHIBA VENTURE ON

The Government has formally agreed to allow the joint venture proposed between Rank Radio International and Toshiba to manufacture television and audio equipment in the UK.

Mr. Roy Hattersley, the Prices Secretary, has announced that he will not refer the proposal to the Monopolies Commission.

The new company, 70 per cent owned by Rank, will therefore be set up as planned from today.

The object is to use spare capacity at Rank's Plymouth factories to manufacture television sets and music centres to Toshiba designs.

It is expected that the joint venture will draw largely on Toshiba's research and development and engineering capability. The Japanese company is injecting £3m into the joint venture. Most of this will be used for re-equiping the factories to build up production from the current 175,000 sets a year to a projected 350,000 by 1981.

# Objections to Standard Life terms

**Standard Life Assurance** has run into trouble over the proposed transfer of its Canadian Life business to the Canadian company Manufacturers Life Insurance of Toronto. A group of policyholders are opposing the *terms of the deal as being unfair* to the Canadian policyholders of Standard.

The group is spearheaded by Mr. Robert G. Thompson, a Toronto lawyer and policyholder, and Mr. Richard Holden, who led an unsuccessful bid to stop Sun Life of Canada moving its headquarters from Montreal to Toronto.

The Canadian business of Standard has some $1.7bn of assets and under the terms of the deal Standard will transfer $1.5bn of these to Manufacturers Life to cover the liabilities, including guarantees on future bonus rates. The remaining $200m of assets is being kept in Canada for the benefit of the UK and Republic of Ireland policyholders of Standard. The objectors are claiming that these assets belong to Canadian policyholders and it is unfair to take it out of the Canadian portfolio. *They are seeking to rouse policyholders to stop the transfer.*

A firm of consulting actuaries has also stated that these $200m of assets belong to the non-profit group pension holders with Standard Life. Seven years ago Standard gave a bonus to such policyholders in the form of a reduction of pension contributions over five years. At the same time it offered policyholders the opportunity to transfer to a with-profits basis and about 25 per cent availed themselves of the opportunity.

At the time of the announcement of the transfer in July, Mr. David Donald, general manager of Standard, pointed out the company has invested $50m in Canada 20 years ago *in order to expand* the business in that country. He regarded the $200m of surplus assets as representing a reasonable return on this investment.

Mr. G. C. Philip, deputy general manager of Standard Life, said yesterday that the company at this stage did not propose to do anything concerning this latest development. An independent actuary, Mr. Sam Eckler of Toronto, had been appointed to investigate the terms of the proposed transfer and the company would await his report. Mr. Sidney Jackson, president of Manufacturers Life stated that his company was satisfied that the terms were fair both to its own policyholders and the Canadian policyholders of Standard. Otherwise the company would not have entered into the agreement.

# Pru spells out restructuring benefits

**The Prudential Assurance Company** yesterday issued details of the scheme of arrangement aimed at setting up a new holding company, for the present Prudential group of companies. This move was first announced in May and the purpose of this restructuring is to separate the monitoring and co-ordination of the constituent parts of the group from the responsibilities of running these constituent parts.

The document points out that at present the Prudential is subject to insurance legislation and is required to maintain adequate reserves to support the general insurance business. For each £100 of annual general insurance premium, a company must now have free reserves (the excess of assets over liabilities) of £16 by law. But it points out that because of fluctuation in the value of investments and growth in premiums, a free reserve of £30 is considered about the minimum acceptable level and that companies prefer at least £40. Thus the "Pru" adopts 40 per cent as the minimum solvency margin acceptable.

The document then states that an insurance company cannot expand its asset base by borrowings since there is a corresponding liability. But the new holding company will not be an insurance company, therefore it can borrow and use the proceeds to expand the equity base of the insurance operations thus facilitating expansion.

The new holding company is to be called **Prudential Corporation** and under the scheme shareholders would exchange each 5p share in Prudential Assurance for a 25p share in Prudential Corporation. As expected the company has not availed itself of the opportunity of increasing the dividend beyond the limit imposed.

# Johannesburg Consolidated Investment Company, Limited

*(Incorporated in the Republic of South Africa)*

## Chairman's Review by Sir Albert Robinson

### The Annual General Meeting of the Company will be held in Johannesburg on 9 November, 1978 at 12 noon.

**Results for the Year**

During the financial year to 30 June 1978 the profit after tax available to ordinary shareholders, but before an extraordinary item to which I shall refer later, amounted to R42.2m compared with R27.0m a year ago. Our income from investments, trading profits, fees and net sundry revenue showed a slight improvement upon the corresponding figures for the previous year. The principal change in this year's accounts relates to the surplus on realisation of investments, details of which are fully discussed in the Directors' Review in the Annual Report. Part of the realisation stemmed from our liquid share portfolio. This is not material to our main business and is really cash in another form. Disposals from this portfolio and other share transactions raised R21.3m. Ordinary dividends remained unchanged at 170 cents per share. During the year the Company obtained additional finance of R40m through a preference share issue to augment its normal cash flow. Largely as a result of this step the net current assets of Johnnies and its financial subsidiaries showed a substantial improvement at the year end and are adequate to meet our commitments.

**Future Commitments**

The Company will still have to meet calls upon its cash resources in respect of Otjihase Mining Company (Pty) Limited, Shangani Mining Corporation Limited and Consolidated Metallurgical Industries Limited. We have reduced our obligations by meeting guarantees of R17.5m in respect of Otjihase's long term loans. The accounts reflect an extraordinary provision of R44,4m. This together with the provisions of R18.2m in last year's Income Statement, cover the full write-off of Johnnies' investment in Otjihase, including both the bank guarantees to which I have already referred and the estimated on-going cost of care and maintenance for another two years. It is most unfortunate that the establishment of this mine coincided with the collapse in the price of copper, and that as a result, it has proved necessary to cease operations. However, I know that shareholders will be relieved at the fact that Johnnies has been able to absorb this heavy financial burden without any fundamental adverse effect upon the Company's financial strength. The future of this mine will be decided upon during the next year or two. Whilst there is some suggestion that excessive world copper stocks are being slowly whittled down this has not been reflected in any material improvement in the price. The short to medium term outlook is therefore not encouraging.

The Anglo American Corporation of South Africa Limited through its Rhodesian office was appointed as Secretaries and Technical Advisers to Shangani with effect from 1 April 1978. Johnnies and Anglo American Corporation Rhodesia Limited have each agreed to contribute Rh$2.5m to Shangani, by way of a rights issue at par in order to provide the finance which should keep the mine operating until the middle of 1979. During this period the open pit operations will be running down and the underground development phase will have commenced. Hopefully greater clarity on the political front in Rhodesia during the next year, and the prospect of better nickel prices will enable a longer term view to be taken of the financial measures necessary to complete the underground establishment programme and to reduce the company's burden of debt. Inclusive of the pending rights issue Johnnies' investment, by way of equity, loans and guarantees in respect of loans raised by Shangani, amounts to R23.1m. of which R3.9m has been written off.

Consolidated Metallurgical Industries Limited has established itself remarkably quickly as a low cost producer of good quality ferrochrome. This augurs well for the long term potential of CMI. Internationally, production exceeds demand and the company has therefore reduced its output to one of its twin stream operations. Under these conditions the cost of servicing the company's borrowings is a heavy burden. It has been decided that CMI should reduce its short term debt and to this end arrangements have been agreed for shareholders to provide R10m of equity and R10m of convertible loan stock.

Provision has been made to meet the calls on Johnnies by these three companies during the current financial year.

**Platinum**

The Company's investment in Rustenburg Platinum Holdings Limited is once again showing considerable promise with the rapid and satisfactory strengthening of the platinum price. At the low prices that prevailed over the past three years Rustenburg was operating at marginal profitability and was obliged to pass two dividend distributions with the result that Johnnies did not receive any dividend income from this source during the year under review.

However, since the year-end Rustenburg has published most encouraging results and it has declared a final dividend of 8 cents per share which will be reflected in Johnnies' results for 1979.

**Gold**

The planned expansion at The Randfontein Estates Gold Mining Company, Witwatersrand, Limited has been completed ahead of schedule. The new Cooke gold and uranium plant has experienced start-up teething troubles which are steadily being overcome and the refurbished Millsite plant is now operating most satisfactorily. I am satisfied that Randfontein Estates can look forward to many years of profitability which should amply justify the major capital investment programme of the last three years. Randfontein Estates is one of South Africa's premier gold and uranium mines and Johnnies is proud to have been involved in its development and operations over so many years.

Western Areas Gold Mining Company Limited achieved a record when it milled 1 072 000 tons of ore in the September quarter. As a low grade mine it is benefiting both from the rising gold price and the increased throughput. The company has for some time been investigating the Middle Elsburg Reefs for their uranium potential and recently requested the Nuclear Fuels Corporation of South Africa (Pty) Limited to endeavour to obtain a long term uranium sales contract on its behalf. It has also decided to expedite the development of ore reserves on the uranium bearing Middle Elsburg Reef Horizons and to examine in detail how best to exploit further the company's uranium potential if it succeeds in obtaining a suitable contract.

The gold mining industry is striving to increase productivity, but the results are disappointing. The Mineworkers' Union has in the last few years been particularly insistent upon the introduction of a Monday to Friday five day week. A compromise agreement, which was reached in 1976, resulted in the introduction of an eleven-shift fortnight arrangement. It was hoped that the expected cost of this new arrangement and the anticipated lower productivity from underground employees would be offset to a considerable degree by those provisions of the agreement which were intended to make better use of the black labour force.

Regrettably these hopes have not been realised, mainly for the reasons that additional labour has had to be employed underground and there have been material increases in other costs. It is fortunate that there was an abundance of labour available to draw upon during this period. Every endeavour must be made to make the eleven-shift fortnight scheme work as originally intended and this view is supported by the findings of the Franzsen Commission report that has just been published.

**Coal**

Tavistock Collieries Limited has enjoyed another successful year increasing its profits after tax to R12.0m. Each of the three collieries within the Tavistock group achieved the distinction of completing 1 000 fatality-free production shifts during the year. This is a splendid record of safety for which they are to be congratulated. The group has introduced modern equipment underground which is enhancing their established position as a low cost producer. The development of a new section at the Tavistock mine together with a new coal washing plant will provide both the additional capacity and a higher degree of marketing flexibility to continue the company's record of performance.

**Antimony**

Consolidated Murchison Limited is experiencing difficult trading conditions. Both the worldwide price and the demand for antimony concentrates are at low levels, and unless there is an improvement in the price in the foreseeable future it will be difficult to maintain the current level of production. However, the market for antimony has always been cyclical in nature, and despite its present weakness the long term demand for antimony oxide as a flame retardant gives reassurance for the future.

**Exploration**

In the field of exploration we have concentrated our efforts in specific areas, such as the Karoo where our prospecting teams are engaged in the search for uranium ore bodies. This is a joint venture with Randfontein Estates and while we have found encouragement in some of the results it is far too early to say whether ore bodies of sufficient size, and therefore worthy of exploitation, will be located.

We are also active in the search for coal and in the re-examination and re-evaluation of our coal rights in the Eastern Transvaal and in Northern Natal. In the field of base metals we are examining various occurrences to determine whether or not these could be of sufficient size and quality to be of interest.

With the rising price of gold our mineral rights on the West Rand in the vicinity of Randfontein Estates and Western Areas begin to acquire more significance. In-depth examinations and feasibility studies are being undertaken to examine the economic viability of these areas although there would have to be a significant further increase in the gold price to consider the establishment of any separate new mine.

However, there are operating mines close to the areas concerned and it may prove possible and desirable in due course to develop these rights in collaboration with them.

**Industry**

Our industrial investments contributed R11.0m to net attributable earnings for the year, an improvement of 12% over the corresponding figure a year ago. While a large part of this income stems from our portfolio investments in South African Breweries Limited and in Johnson Matthey and Co. Limited in the United Kingdom, our investment in Lenning Holdings Limited has once again shown a very satisfactory performance. We expect continued growth from this company. Steelbrite Limited, however, had a bad year which is in line with the whole building sector. While there is likely to be little change this year, the impact on our profits is not significant.

**Future Prospects**

Both the Republic of South Africa and Johnnies have weathered a very difficult three years. Although the growth of the United States' economy was satisfactory last year, the persistence of a massive trade deficit and a resurgence of inflation threaten to reduce the rate of growth during the year ahead. Growth in both West Germany and Japan has been disappointing, with as yet little indication of any significant short-term improvement. The world economy, in fact, appears to be faced with the possibility of another shift into recession in 1979, before South Africa has a chance to recover fully from the accumulated setbacks since the end of 1974 when the gold price reached its previous peak.

For the Republic I regard the high rate of inflation as one of the pressing problems to be overcome if we are to maintain our trading position in world markets. Another problem is the need for a faster rate of economic expansion to make provision for the employment of the ever increasing numbers of those seeking work. For Johnnies, our objectives must be to continue the policy of reducing the level of debt and to improve productivity at the operating levels in all our business activities. Our investments spread across a diverse range of metals and industries, and accordingly our results for the coming year will depend to a large extent upon world economic circumstances. Nevertheless we are hopeful that the level of profits will permit us to increase the Johnnies dividend during the current year.

The Government took strong action two years ago that resulted in the adverse balance of payments being converted into a substantial surplus. This is a most satisfactory development and in normal circumstances would create confidence both at home and abroad. Unfortunately, however, the political uncertainties in South Africa and neighbouring territories have adversely affected the inflow of capital and have also resulted in South Africa becoming more isolated from the international community.

At the time of writing this review a new Prime Minister has taken office. He does so at a critical period in the affairs of the country. The world is demanding an end to institutionalised discrimination, and there is also a growing demand by all races in South Africa for something positive to be done in this regard.

It seems likely that in 1979 both Rhodesia and South West Africa will establish non-racial societies run by black majority governments. South Africa has played a major part in bringing about these changes, but, in doing so, it has stimulated the demand for change at home, and this is the challenge that faces the new government.

In recent times two commissions of enquiry into labour practices have been appointed, the Wichahn and Riekert Commissions. Their reports are awaited with keen interest. They could well provide the beginning of a new era in race relations on the labour front. If this proves to be the case then it will set an example that can be followed by the elimination of discrimination in other areas. The Government is studying new constitutional arrangements for the white, coloured and Indian communities and I share the view of those who believe it will be impossible to exclude the blacks, and particularly the urban blacks. If this were to be accepted as official policy, there is every chance that a new constitutional framework could emerge that will gain support from influential members of the international community. To assist in this process of change and indeed to accelerate it, South Africa needs understanding, encouragement and, above all, investment from abroad. As the economy expands and becomes more sophisticated so the opportunities for training and employing all races are increased. This leads to higher standards of living for all, which is the key to inter-racial harmony. I wonder if those who plead for disinvestment in South Africa pause to reflect upon the unemployment and chaos that would result if they succeeded with their campaign. I have no doubt that the withdrawal of foreign capital and the imposition of sanctions would be counter productive and would slow down the process of change, as those in authority responded by mobilising all their available resources to defend their very existence. On the other hand if South Africa can build a political and constitutional structure to satisfy the majority of its peoples then there is no limit to the development of its economic potential. Where possible Johnnies will play its part in the financial and economic fields to assist in the process of constructive and meaningful change.

**Directorate and Staff**

Mr. J. Ogilvie Thompson retired from office as a director of this company on 8 February and I wish to express my appreciation of his services on the Board. Mr. G.H. Waddell was appointed in his place and I would like to welcome him both to the Board and to the Executive Committee. Since the year end Mr. D. E. MacIver has joined the Board as Technical Director and I welcome him also to the Executive Committee.

I would also like to place on record the appreciation of the Board and myself for the willing and sustained efforts of all members of our staff during the year under review.

31 October 1978 Johannesburg

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# Currency, Money and Gold Markets

## $ improves as pressure eases

Movements were very volatile in the foreign exchange market yesterday, but the dollar was generally firmer against other major currencies. Trading was very thin at times, with central banks probably taking advantage of the situation to push up the U.S. currency.

Earlier in the day the dollar came under further pressure and there was a good commercial demand for sterling, but the pound fell quite sharply towards the close as the result of a large commercial selling order. At the same time the dollar rose in terms of all currencies, although business was generally quiet as Catholic countries closed early ahead of the All Saints Day holiday.

Sterling opened at $2.1020-2.1040, the highest level of the day, and traded between $2.0850 and $2.1010 until the late afternoon. The pound then fell to a low point of $2.0630, and probably received some support from the Bank of England. It recovered slightly at the close and finished at $2.0740-2.0760, a fall of 2.40 cents on the day.

Sterling's trade-weighted index, as calculated by the Bank of England, fell to 63.1 from 63.2, after standing at 63.2 at noon and 63.3 in early trading.

The dollar's trade-weighted depreciation, on Morgan Guaranty figures, narrowed to 13.2 per cent from 13.6 per cent.

The dollar touched a low point of DM 1.7210 against the D-mark, but improved to DM 1.7565, before closing at DM 1.7550, compared with DM 1.7282½ on Monday.

The U.S. currency also recovered well against the French franc after falling to FFr 3.97. It closed at FFr 4.0350, compared with FFr 3.9950 previously.

The Swiss franc traded between SwFr 1.4690 and SwFr 1.5050 in terms of the dollar, and closed at SwFr 1.4975, compared with SwFr 1.4695 on Monday. The yen moved between Y175.70 and Y180.40, before closing at Y179.10, against Y177.05 previously.

NEW YORK—The market appeared to take a rest in early trading after the hectic conditions on Monday. The general recovery by the dollar in Europe slowed when the U.S. began trading, but business was normal and movements were slight.

ZURICH—The dollar recovered against major currencies amid suggestions of coordinated support from the Swiss National Bank and the German Bundesbank. Early trading was fairly hectic, with the dollar improving to SwFr 1.4885 against the Swiss franc by noon from SwFr 1.4875 at the start.

FRANKFURT—The Bundesbank bought $30m when the dollar was fixed at DM 1.7367 against the D-mark, compared with DM 1.7285 previously. The fixing level was well above the early morning quote of DM 1.7230, with trading active and sometimes hectic. The authorities intervened at the beginning of the fixing, and not as support during the fixing to hold the dollar at any specific rate.

AMSTERDAM—The dollar improved at the fixing to Fl 1.8735 against the Dutch guilder, from Fl 1.8725 on Monday. In late trading the U.S. currency continued to improve to Fl 1.8760.

BRUSSELS—The Belgian franc lost ground against the dollar and the D-mark at yesterday's fixing. The dollar rose to BFr 27.17¼ from an all-time low of BFr 27.14 on Monday, while the D-mark improved to BFr 15.71½ from BFr 15.703. The Belgian National Bank bought only $4m to support the dollar at the fixing, compared with about $10m previously.

MILAN—The dollar rose against the lira at the fixing, after falling to a 33-month low in early trading. The U.S. currency was fixed at L789.55 yesterday, compared with L788.05 on Monday, and a low point of L786.25 in the morning. The D-mark was very strong, rising to an all-time high of L456.15 in terms of the lira, from L455.67 previously. The yen, Swiss franc and sterling also improved against the lira.

TOKYO—Intervention by the Bank of Japan to support the dollar was small, estimated at $20m-$30m in the morning, and $3m-$5m in the afternoon. Heavy selling pressure may have discouraged any further support as the dollar fell to yet another record low against the Japanese yen, closing at Y176.07½, compared with Y178.47½ on Monday. In the morning the U.S. currency touched Y175.50, and was pushed up to Y176.05 by intervention, but remained under pressure after lunch on selling by foreign banks. Heavy yen buying from abroad was reported, and trading volume was large at $658m for spot delivery.

### THE POUND SPOT

| Oct. 31 | Bank rate % | Day's spread | Close |
|---|---|---|---|
| U.S. $ | 8½ | 2.0650-2.1040 | 2.0740-2.0760 |
| Canadian $ | 10¼ | 2.4100-2.4420 | 2.4185-2.4205 |
| Guilder | 6½ | 3.89-3.94 | 3.91½-3.92½ |
| Belgium F | 6 | 56.40-56.80 | 56.50-56.70 |
| Danish K | 8 | 9.99-10.06½ | 10.01½-10.02½ |
| D-Mark | 3 | 3.60-3.65 | 3.63½-3.64½ |
| Port. Esc. | 18 | 89.30-90.60 | 89.90-90.40 |
| Span. Pes. | 8 | 140.20-141.40 | 140.30-140.60 |
| Lira | 10½ | 1,640-1,651 | 1,640-1,642 |
| Nrwgn. K. | 7 | 9.71-9.79 | 9.72½-9.73½ |
| French Fr. | 9½ | 8.30-8.45 | 8.36-8.37 |
| Swedish Kr. | 6½ | 8.54-8.61 | 8.55-8.56 |
| Yen | 3½ | 368-375 | 371-375 |
| Austria Sch. | 4½ | 26.30-26.60 | 26.35-26.45 |
| Swiss Fr. | 1 | 3.07-3.12 | 3.10-3.11 |

Belgian rate is for convertible francs. Financial franc 58.55-58.65.

### FORWARD AGAINST £

| | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|
| U.S. $ | 0.22-0.12c pm | 0.96 | 0.50-0.40c pm | 0.87 |
| Canadian $ | 0.25-0.15c pm | 0.99 | 1.15-1.00c pm | 1.78 |
| Guilder | 1c pm-par | 1.53 | 3-2c pm | 2.55 |
| Belgium F | 10c pm-par | 1.06 | 20-10c pm | 1.06 |
| Danish K | 6¾-8¼ ore dis | −8.60 | 15¼-17¼ ore dis | −6.49 |
| D-Mark | 2½-1½pf pm | 7.85 | 8½-7½pf pm | 8.38 |
| Port. Esc. | 70-170c dis | −15.96 | 200-350c dis | −12.20 |
| Span. Pes. | 160-280c dis | −18.66 | 550-650c dis | −17.09 |
| Lira | 4½-6½ lire dis | −3.96 | 8-15 lire dis | −3.41 |
| Nrwgn. K. | 1½-6½ ore dis | −3.08 | 7-9 ore dis | −5.29 |
| French Fr. | 5¼-2¼c pm | 3.95 | 7¼-6¼c pm | 5.47 |
| Swedish Kr. | par-2 ore dis | −0.70 | 3 ore pm-1¼ dis | −0.25 |
| Yen | 3.65-3.05y pm | 10.62 | 9.00-8.60y pm | 9.46 |
| Austria Sch. | 12-2 gro pm | 3.18 | 28-18 gro pm | 3.43 |
| Swiss Fr. | 3¼-2½c pm | 11.59 | 10-9c pm | 12.24 |

Six-month forward dollar 0.90-0.60c pm. 12-month 2.30-2.15c pm.

### CURRENCY RATES

| October 30 | Special Drawing Rights | European Unit of Account |
|---|---|---|
| Sterling | 0.630162 | 0.690239 |
| U.S. dollar | 1.30939 | 1.40586 |
| Canadian dollar | 1.58814 | 1.70094 |
| Austrian schilling | 17.0597 | 18.2778 |
| Belgian franc | 36.6229 | 39.2406 |
| Danish krone | 6.48582 | 6.95335 |
| Deutsche Mark | 2.33242 | 2.49994 |
| Guilder | 2.52673 | 2.70815 |
| French franc | 5.38069 | 5.76292 |
| Lira | 1063.32 | 1139.63 |
| Yen | 240.866 | 255.806 |
| Norwegian krone | 6.32864 | 6.74701 |
| Peseta | 92.0717 | 97.5892 |
| Swedish krona | 5.56421 | 5.94555 |
| Swiss franc | 2.00257 | 2.15194 |

### CURRENCY MOVEMENTS

| October 31 | Bank of England Index | Morgan Guaranty changes % |
|---|---|---|
| Sterling | 63.1 | −41.2 |
| U.S. dollar | Unavailable | −13.2 |
| Canadian dollar | .. | −17.6 |
| Austrian schilling | .. | +20.4 |
| Belgian franc | .. | +16.2 |
| Danish krone | .. | + 9.5 |
| Deutsche Mark | .. | +41.8 |
| Swiss franc | .. | +95.2 |
| Guilder | .. | +21.2 |
| French franc | .. | − 5.4 |
| Lira | .. | −49.1 |
| Yen | .. | +55.5 |

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

### THE DOLLAR SPOT

| October 31 | Day's spread | Close |
|---|---|---|
| Canad'n $* | 85.73-85.97 | 85.94-85.97 |
| Guilder | 1.8645-1.8858 | 1.8830-1.8850 |
| Belgian Fr | 27.00-27.26 | 27.16-27.20 |
| Danish Kr | 4.7700-4.8015 | 4.7830-4.7825 |
| D-Mark | 1.7205-1.7575 | 1.7535-1.7575 |
| Port. Esc | 42.90-43.50 | 43.20-43.58 |
| Span Pta | 67.35-67.47 | 67.42-67.47 |
| Lira | 786.15-790.60 | 789-790 |
| Nrwgn Kr | 4.6363-4.6650 | 4.6590-4.6610 |
| French Fr | 3.9725-4.0400 | 4.03-4.04 |
| Swedish Kr | 4.0815-4.1140 | 4.0850-4.0665 |
| Yen | 175.90-178.70 | 176.50-178.70 |
| Austria Sch | 12.59-12.85 | 12.84-12.85 |
| Swiss Fr | 1.4720-1.5000 | 1.4950-1.5000 |

* U.S. cents per Canadian $.

### FORWARD AGAINST $

| | One month | p.a. % | Three months | p.a. % |
|---|---|---|---|---|
| Canad'n $ | 0.02-0.04c pm | 0.13 | 0.22-0.25c pm | 0.98 |
| Guilder | 0.19-0.09c pm | 1.21 | 0.38-0.70c pm | 1.95 |
| Belgian Fr | 2-5c dis | −3.08 | 1-5c dis | −0.29 |
| Danish Kr | 3.60-4.10ore dis | −9.06 | 9.25-9.75ore dis | −7.78 |
| D-Mark | 1.08-1.03pf pm | 7.03 | 3.43-3.38pf pm | 7.85 |
| Port. Esc | 35-180c dis | −29.76 | 130-500c dis | −29.06 |
| Span Pta | 100-120c dis | −18.37 | 280-310c dis | −17.13 |
| Lira | 3.10-3.85lire dis | −4.97 | 9.50-11 lire dis | −5.20 |
| Nrwgn Kr | 1.30-1.75ore dis | −3.64 | 4.45-4.85ore dis | −4.13 |
| French Fr | 0.90-0.75c pm | 2.46 | 2.45-2.25c pm | 2.60 |
| Swedish Kr | 0.65-0.85ore dis | −2.34 | 0.85-1.05ore dis | −0.96 |
| Yen | 1.47-1.37y pm | 9.43 | 3.92-3.82y pm | 8.73 |
| Austria Sch | 4-3gro pm | 3.13 | 11-9gro pm | 3.11 |
| Swiss Fr | 1.31-1.26c pm | 10.04 | 4.20-4.15c pm | 11.09 |

### OTHER MARKETS

| Oct. 31 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Peso | 1,896-1,900 | 913.73-915.66 | Austria | 29¼-30¼ |
| Australia Dollar | 1.7595-1.7645 | 0.8462-0.8512 | Belgium | 58¼-59¼ |
| Finland Markka | 7.85-7.86 | 3.7580-3.7600 | Denmark | 9.95-10.15 |
| Brazil Cruzeiro | 40.45-41.45 | 19.49-19.97 | France | 8.20-8.40 |
| Greek Drachma | 72.490-74.259 | 34.93-35.79 | Germany | 3.50-3.70 |
| Hong Kong Dollar | 9.86½-9.88½ | 4.7210-4.7260 | Italy | 1610-1660 |
| Iran Rial | [illegible]-150 | 69.39-72.29 | Japan | 370-380 |
| Kuwait Dinar(KD) | 0.549-0.559 | 0.2646-0.2694 | Netherlands | 3.87-3.97 |
| Luxembourg Franc | 56.[illegible]-56.85 | [illegible] | Norway | 9.70-9.80 |
| Malaysia Dollar | 4.[illegible]-4.59½ | 2.1080-2.1130 | Portugal | 88-104 |
| New Zealand Dollar | 1.9000-1.9070 | 0.9074-0.9099 | Spain | 145-149 |
| Saudi Arabia Riyal | 6.73-6.83 | [illegible] | Switzerland | 3.08-3.18 |
| Singapore Dollar | 4.3640-4.3760 | 2.0980-2.0990 | United States | 2.085-2.1950 |
| South African Rand | 1.8085-1.8351 | 0.8716-0.8844 | Yugoslavia | 41.50-43.50 |

Rate given for Argentina is free rate.

### EXCHANGE CROSS RATES

| Oct. 31 | Pound Sterling | U.S. Dollar | Deutsche Mark | Japanese Yen | French Franc | Swiss Franc | Dutch Guilder | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 2.075 | 3.640 | 372.0 | 8.365 | 3.105 | 3.920 | 1641 | 2.420 | 56.61 |
| U.S. Dollar | 0.482 | 1. | 1.754 | 179.3 | 4.031 | 1.496 | 1.889 | 790.8 | 1.166 | 27.28 |
| Deutsche Mark | 0.275 | 0.570 | 1. | 102.2 | 2.298 | 0.853 | 1.077 | 450.8 | 0.665 | 15.55 |
| Japanese Yen 1,000 | 2.688 | 5.578 | 9.785 | 1000. | 22.49 | 8.347 | 10.54 | 4411 | 6.504 | 152.2 |
| French Franc 10 | 1.195 | 2.481 | 4.351 | 444.7 | 10. | 3.712 | 4.686 | 1962 | 2.892 | 67.66 |
| Swiss Franc | 0.322 | 0.668 | 1.172 | 119.8 | 2.694 | 1. | 1.262 | 528.5 | 0.779 | 18.23 |
| Dutch Guilder | 0.255 | 0.529 | 0.929 | 94.90 | 2.134 | 0.792 | 1. | 418.6 | 0.617 | 14.44 |
| Italian Lira 1,000 | 0.609 | 1.264 | 2.218 | 226.7 | 5.098 | 1.892 | 2.389 | 1000. | 1.474 | 34.49 |
| Canadian Dollar | 0.413 | 0.858 | 1.504 | 153.8 | 3.457 | 1.283 | 1.620 | 678.2 | 1. | 23.39 |
| Belgian Franc 100 | 1.767 | 3.666 | 6.431 | 657.2 | 14.78 | 5.486 | 6.926 | 2899 | 4.275 | 100. |

### EURO-CURRENCY INTEREST RATES*

| Oct. 31 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | West German Mark | French Franc | Italian Lira | Asian $ | Japanese Yen |
|---|---|---|---|---|---|---|---|---|---|---|
| Short term | N.A. | 9⅛-9⅝ | 8¼-9¼ | 8½-9 | par-½ | 2½-2¾ | 6¾-7¼ | 12-16 | | 2½-4½ |
| 7 day's notice | N.A. | 9¼-9½ | 8¼-9¼ | 8½-9 | par-½ | 2-2½ | [illegible] | 13½-15½ | 9½-9⅝ | [illegible] |
| Month | 10⅛-10¼ | 9⅝-10 | 9⅛-10⅛ | 8⅝-9 | par-½ | [illegible] | [illegible] | 15-16 | [illegible] | [illegible] |
| Three months | 11⅞-12⅛ | 11⅛-11½ | 10⅛-10⅝ | 9⅛-9⅝ | [illegible] | [illegible] | 8¼-9 | [illegible] | 10⅛-10¾ | 2-2½ |
| Six months | 12⅝-12¾ | 11¾-12 | 10¼-10⅝ | 8⅝-9 | [illegible] | [illegible] | 10-10¾ | 16½-17½ | 11⅛-11⅞ | [illegible] |
| One year | 12⅞-13⅛ | 11½-12⅛ | 10½-10⅝ | 8⅜-8⅝ | [illegible] | [illegible] | 10¾-11¼ | 16½-17½ | 11⅜-11⅝ | [illegible] |

The following nominal rates were quoted for London dollar certificates of deposit: one month 9.70-9.80 per cent; three months 11.00-11.10 per cent; six months 11.60-11.70 per cent; one year 11.60-11.70 per cent.

Long-term Eurodollar deposits: Two years 10½-10⅝ per cent; three years 10½-10⅝ per cent; four years 10½-10⅝ per cent; five years 10-10½ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates for closing rates in Singapore.

## INTERNATIONAL MONEY MARKET

## U.S. rates continue firmer

U.S. interest rates continued to rise yesterday but finished the day below their highest levels. Euro-dollar rates in London touched a four-year high at 12 per cent in the longer end before easing back with the six-month and 12-month rates at 11⅞ per cent and 11½ per cent respectively compared with 11½ per cent previously. In thin trading early in the day, dollar CDs were quoted at 12.05 per cent at six-months before easing back to 11.65 per cent against 11.45 per cent. In New York 13-week Treasury bills rose to 8.52 per cent, up from 8.454 per cent at Monday's auction and 26-week bills firmed to 9.06 per cent compared with an average 8.982 per cent at the auction. One-year bills were quoted at 9.04 per cent against 9 per cent.

Federal funds were trading at 9¼-9⅜ per cent showing little change initially but later trading saw rates firm to 9⅝ per cent, and the lack of official intervention tended to suggest that the Fed may be exercising a further tightening of its credit policy. It now seems probable that the target rate on Fed funds is likely to rise to 9½ per cent.

FRANKFURT—Short term money rates continued to fall, reflecting an excess of liquidity. The latter has been highlighted with banks finding themselves almost embarrassingly well placed when coping with end of month technical movements. Call money rates dropped sharply to 1.0-1.5 per cent from 2.0-2.5 per cent on Monday and 3.45-3.5 per cent a week ago. Longer term rates were mixed with one-month money rising to 3.5-3.55 per cent from 3.4-3.5 eased to 3.9-3.95 per cent against 3.9-4.0 per cent. The six-month rate was quoted at 3.95-4.0 per cent compared with 4.0-4.1 per cent and one-year money stood at 4.15-4.2 per cent against 4.1-4.2 per cent.

SINGAPORE — Further prime rate adjustments were announced yesterday with Asia Commercial Banking Corporation raising its prime lending rate by ½ per cent to 7½ per cent. Other changes included Chung Khiaw Bank, Lee Wah Bank and United Overseas Bank increasing their rates by a similar amount to 7½ per cent. Credit Suisse, Mitsubishi Bank, Sumitomo Bank and State Bank of India all increased their rates from 7¼ per cent to 7½ per cent. This is the second round of increases in a little over a week and reflects the firmer rates in Hong Kong.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were generally mixed with the one-month rate at 10¾-11 per cent unchanged and three-month deposits rising to 10⅞-10⅞ per cent from 10½-10⅞ per cent. The six-month rate was quoted at 9⅞-10 per cent against 9⅞-10⅛ per cent and 12-month deposits stood at 9½-9⅞ per cent compared with 9⅜-9⅞ per cent.

AMSTERDAM—Interbank money market rates were firmer with call money at 8⅞-9½ per cent against 8½-9⅛ per cent and one-month money rising to 9⅞-10¼ per cent from 9½-10 per cent. The three-month rate rose to 10-10¼ per cent compared with 9⅞-9⅞ per cent while six-month money was quoted at 9⅛-9⅞ per cent from 9-9½ per cent.

PARIS—Money market rates showed little change throughout from 7 per cent for day to day money to 8¼-8⅞ per cent for one-year funds.

## GOLD

## Easier trend

Gold fell $3 to $241½-242½ in moderately active trading. It touched a high point of $245-245½ before the New York market opened. Towards the close the metal declined, as the dollar improved in the foreign exchange market, and finished around its lowest level of the day.

In Paris the bullion market closed early ahead of the All Saints Day holiday. In the morning the 12½ kg gold bar was fixed at FFr 31,450 per kilo ($242.42 per ounce) compared with FFr 31,090 ($242.31) Monday afternoon.

In Frankfurt the 12½ kg bar was fixed at DM 13,635 per kilo ($243.94 per ounce) compared with DM 13,400 ($241.62) previously.

| | Oct. 31 | Oct. 30 |
|---|---|---|
| Gold Bullion (a fine ounce) | | |
| Close | $241½-242½ | $244½-245½ |
| Opening | $243½-244½ | $250-250½ |
| Morning fixing | $243.65 (£116.775) | $241.30 (£114.952) |
| Afternoon fixing | $242.60 (£116.760) | $242.75 (£115.816) |
| Gold Coins domestically | | |
| Krugerrand | $247½-248½ (£119½-120½) | $252½-254½ (£120½-121½) |
| New Sovereigns | $67½-69½ (£32½-33½) | $68-70 (£32½-33½) |
| Old Sovereigns | $66½-68½ (£32-33) | $67½-69½ (£32½-33½) |
| Gold Coins internationally | | |
| Krugerrand | $249½-251½ (£120-121) | $252-254 (£120-121) |
| New Sovereigns | $66-68 (£31½-32½) | $66½-68½ (£31½-32½) |
| Old Sovereigns | $66½-68½ (£32-33) | $67½-69½ (£32½-33½) |
| $20 Eagles | $317-321 | $322-327 |
| $10 Eagles | $170-175 | $175-180 |
| $5 Eagles | $108-113 | $110-115 |

## UK MONEY MARKET

## Moderate assistance

Bank of England Minimum Lending Rate 10 per cent (since June, 1978)

Day to day credit was in short supply in the London money market yesterday and the authorities gave assistance by buying a moderate amount of Treasury bills and a small number of corporation bills, all direct from the houses. Total help was termed as large and discount houses were paying around 9-9½ per cent for secured call loans at the start with closing balances taken between 9⅞ per cent and 10 per cent. The market was helped by banks bringing forward balances some way above target and a modest excess of Government disbursements over revenue transfers to the Exchequer.

On the other hand there was a small net take up of Treasury bills and an increase in the note circulation. This was in addition to the regular end of month oil settlements.

In the interbank market overnight loans opened at 9⅞-9⅞ per cent and rose to 10⅛-10⅞ per cent. Rates remained fairly steady thereafter with closing rates at 10-10⅛ per cent.

Rates in the table below are nominal in some cases.

### LONDON MONEY RATES

| Oct. 31 1978 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposits | Company Deposits | Discount market deposit | Treasury Bills ♦ | Eligible Bank Bills ♦ | Fine Trade Bills ♦ |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 9¾-10⅛ | — | — | — | 10¼ | 9-10 | — | — | — |
| 2 days notice | — | — | 9⅞-10 | — | — | — | | — | — | — |
| 7 days or | — | — | — | — | — | 10⅜ | | — | — | — |
| 7 days notice | — | 9⅞-10⅛ | 10-10⅛ | — | 10½ | — | 9¾ | — | — | — |
| One month | 10⅛-10¼ | 10⅛-10⅜ | 10⅛-10¼ | 10¼-10¾ | 10¾ | 10¾ | 9⅞ | 10⅛ | 10⅜ | 11⅛ |
| Two months | 10¾-11⅛ | 10⅞-11⅛ | — | 10¾-11¼ | 11⅛ | — | 10 | 10⅛-10¼ | 10⅝ | 11⅛ |
| Three months | 11⅛-11¼ | 11⅛-11⅜ | 10⅞-11 | 11-11¼ | 11⅜ | — | 10¼ | 10⅝-10⅞ | 10⅞-10⅞ | 11⅜ |
| Six months | 11⅝-11⅞ | 11⅜-11⅝ | 10⅞-11¼ | 10¾-11½ | 11⅝ | — | — | — | 11¼ | 11¾ |
| Nine months | 11⅝-11¾ | 11⅝-11⅞ | — | 10¾-11½ | 11⅝ | — | — | — | — | — |
| One year | 11⅝-11¾ | 11⅝-11⅞ | 10⅞-11⅛ | 10¾-11¼ | 11⅞ | — | — | — | — | — |
| Two years | — | — | 11⅞-12⅛ | | — | | | | | |

Local authority and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rates nominally three years 12-12½ per cent; four years 12½-12⅝ per cent; five years 12½-12⅝ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 11⅛-11¼ per cent; four-month trade bills 11¾ per cent.

Approximate selling rates for one-month Treasury Bills 9⅞-10 per cent; and two-month 10⅛ per cent; three-month 10⅝ per cent. Approximate selling rate for one-month bank bills 10⅝-10⅞ per cent; two month 10⅞ per cent; and three-month 10⅞-11 per cent; one-month trade bills 11 per cent; two-month 11⅛ per cent; and also three-month 11⅞ per cent.

Finance House Base Rates (published by the Finance Houses Association) 10 per cent from November 1, 1978. Clearing Bank Deposit Rates for small sums at seven days' notice 7 per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount 10.2546 per cent.

### MONEY RATES

**NEW YORK**

| | |
|---|---|
| Prime Rate | 10-10.25 |
| Fed Funds | 9.3125 |
| Treasury Bills (13-week) | 8.52 |
| Treasury Bills (26-week) | 9.06 |

**GERMANY**

| | |
|---|---|
| Discount Rate | 3 |
| Overnight | 1.25 |
| One month | 3.525 |
| Three months | 3.925 |
| Six months | 3.975 |

**FRANCE**

| | |
|---|---|
| Discount Rate | 9.5 |
| Overnight | 7 |
| One month | 7 |
| Three months | 7.375 |
| Six months | 7.6875 |

**JAPAN**

| | |
|---|---|
| Discount Rate | 3.5 |
| Call (Unconditional) | 4.25 |
| Bills Discount Rate | 4.625 |

# INTL. FINANCIAL AND COMPANY NEWS

## Taxing problems for King Copper in Arizona

BY PAUL CHEESERIGHT

ONCE THE big copper companies were the kings of Arizona. It was not so much a question of them being above the laws of the state, it was simply that they made them. But nowadays they plead for a hearing—often to deaf ears.

Veteran state politicians, once they begin to reminisce, recall how 20 years ago legislators used to beat a path to the Adams Hotel in Phoenix to find out how the companies wanted the state budget made up. The companies were on the spot deciding what piece of legislation was appropriate, even down to pondering whether school swimming pools should be open to the public, and the legislators went to pay court.

Today the companies can take nothing for granted. "With public understanding, copper production will continue in Arizona," says the literature of the Arizona Mining Association, the organisation which brings the companies together. It is a cautious approach acknowledging the rueful comment of one mining man: "Corporations don't have a vote."

In fact it is difficult to imagine copper production not continuing. Arizona last year produced 62 per cent of total U.S. copper mine production of 1.5m tons. But the point is that the power of the industry has been eroded as the state itself has grown.

"King Copper has succeeded in broadening Arizona's tax base sufficiently to help provide a stable state economy," comments a writer in Southern Arizona Discovery.* With that stability, other industrial activities have taken root, attracting fresh settlers whose voting habits are not in any way linked to concern about the fortunes of a copper mine miles away.

The number of people employed in the copper industry—its mining, milling, smelting, refining and exploration activities—has been declining. In the peak year for the industry, 1974, there were 29,000 people employed. But last year the total was an average of 22,600 out of a total state employment roll of 896,000.

A breakdown of 1977 personal income in the state shows that last year the copper industry provided 9.3 per cent of the total at $386m. By far the largest source was retirement and welfare payments which came to 31.4 per cent of the total, followed by manufacturing with 23.9 per cent, federal Government with 22.5 per cent and agriculture with 10.2 per cent.

The large number of retired people in the state, many of whom have come for the warmth of the climate and an escape from the rain, provides a ready constituency for those wishing to attack the industry for any lapses in environmental care. So, to those who are indifferent to copper, must be added those who are liable to be firmly against it.

At a local level, the industry is seeking to bring opinion round to its side, stressing its value to the state economy while taking up very little space. "The total land used for mining activities in Arizona is equivalent to about one quarter of one per cent of the total land mass of the state. Compare that with land devoted to highways, agriculture, cities, housing developments, etc.," urges the Arizona Mining Association.

It is not of course that the mines are small, so much as the fact that the state is so large. Mountains, desert, scrubland where the angular cactus breaks the monotony of miles of nothing—Arizona is the ultimate open space.

### Large scale

The mines have to be large to survive. Mostly of the open-cast variety, they are gigantic exercises in earth-moving. The copper in the ore is only 0.6 per cent a ton on average and with a grade like that only modern technology applied on a huge scale can produce profits.

Asarco, for example, has a property of 20 square miles, about 15 miles south-west of Tucson. On it there is the Mission mine, the smaller San Xavier mine and the new Palo Verde development which the group is operating for a joint venture with Anamax, itself a grouping of Amax and Anaconda, the Atlantic Richfield unit.

At its widest point the Mission pit is one mile wide.

Asarco, after three years of reduced output, is now working at full capacity, producing 15,000 tons of copper concentrates a month. But just next door to the Mission pit, separated only by a wall of rock, is the Pima pit of Cyprus Mines.

Cyprus Pima has been closed. The pit is empty save for a neat line of huge mechanical shovels and a spreading and deepening pool of water at the bottom.

The plight of Cyprus Pima, a victim of the depressed prices on the international markets since what now appear the halcyon days of 1974, is a sharply etched symbol of the difficulties of the Arizona copper industry.

### Cut-backs

Many of the mining industry giants are involved. The membership of the Arizona Mining Association reads like a roll call of the U.S. mining majors—*Phelps Dodge, Kennecott, Magma which is a Newmont* unit, Duval, Inspiration and so on.

Over the past three years, cut-*backs in capacity have been* common. The industry would have been better able to contend with low prices had it not also had to cope with rising costs, some of them peculiar to the U.S. copper industry.

Mr. James Richardson, president of the Association, maintains that out of the revenue received for every pound of copper—and current prices are around 70 cents—between 10 and 15 cents are spent on meeting the demands of the federal, state and local regulatory agencies, about 130 of them in all.

There is a fear in the industry that it is being priced out of the market. This has led to an unsuccessful plea for the Administration in Washington to impose a quota on cheaper imported copper and an attempt to get the Arizona authority to reduce its tax demands.

It is at this point that the industry's diminished influence in state politics has been crucial. It argues that it faces discriminatory taxation. Last year the copper industry paid $30.6m in severance taxes out of a total for all commerce and industry in the state of $32.7m.

The severance taxes are an impost levied on the value of the mineral product exported from the state and the funds are used for the Arizona schools system. They are not applied to agriculture and manufacturing. The level was 2.5 per cent, but industry representations were able only to obtain a temporary reduction to 2.0 per cent. This fall, the copper men state is purely cosmetic.

Yet the implications for Arizona of a continuing decline in the industry are severe. It goes beyond the state's tax revenue.

"The combined impact of the copper industry on Arizona's economy in 1977 was to provide, directly and indirectly, over $5.3bn in personal business and government income. This was more than four times the total value of the industry's own output during the year and almost 16 times the net value of resources removed from the state as a result of copper mining," writes George Leaming.†

In less remote terms, a decline in the industry could, for example, force up power *charges for individual consumers*. Many of the copper mines receive their electricity from the utility feeding the Tucson area. The industry takes 40 per cent of the utility's total output. If its demands fall beneath the budgeted levels of the utility, then the utility could be forced to claw back lost revenue from other sources.

For the immediate future, the industry's prospects are cloudy. It would be better able to come to terms with the wave of regulation that has hit it over the past eight years if the markets were good. But the accepted wisdom is that another two years will be needed to eliminate the stockpiled surpluses on the international market and allow prices to reflect the improving level of demand.

* *Southern Arizona Discovery, published by Discovery Publications Inc., Tucson, Arizona; 1978.*

† *The Copper Industry's Impact on the Arizona Economy, by George F. Leaming, published by Southwest Economic Information Center, Marana, Arizona; July 1978.*

# INTERNATIONAL FINANCIAL AND COMPANY NEWS

مكتامن الأصل

NORTH AMERICAN NEWS

## U.S. Steel's net income over 250% higher

BY JOHN WYLES

NEW YORK, Oct. 31.

U.S. STEEL Corporation today reported somewhat lower-than-expected third-quarter earnings but its net income was more than 250 per cent higher than in the same period last year.

This treble-digit improvement was achieved on a more modest 16.8 per cent increase in sales to $2.8bn and a 6.2 per cent rise in shipments from 4.8m to 5.1m tons. The largest American steel producer's net income of $88.8m, or $1.04 per share, markedly exceeded last year's $25.2m, or 30 cents a share, thanks to a substantial increase in real steel prices which is thought to be averaging around 15 per cent.

These price increases have been achieved by a boost in the industry's list prices of a little under 10 per cent and a notable reduction in discounting made possible by an increase in import prices due to the devaluation of the dollar and the government's trigger price mechanism for imported steel.

But in its earnings statement today U.S. Steel returned to its attack on the working of the trigger price system which has failed to make the expected impact on import volumes. Foreign steel is expected to take close to 20 per cent of the U.S. market this year and U.S. Steel said imports of this magnitude "represent a significant lost opportunity for the domestic steel industry and American steel worker to serve the domestic market."

For the nine months U.S. Steel's net income was $147.4m or $1.74 a share on sales of $8.2bn compared with $128.9m or $1.56 a share on sales of $7.2bn.

The company acknowledged that its earnings were below expectations but it claimed that production efficiency had been hit during the third quarter by increased repair and maintenance costs and the strike at the Norfolk and Western Railway which not only increased transport costs but also forced it to buy higher cost coal than that normally supplied by the company's own mines.

The statement went on to note that the company was expanding its non-steel interests through the acquisition of ABS resin and latex products from Uniroyal, but it declined to reveal how much it was paying for this business.

## Currency swings hit Borden

BY ANDREW FISHER

THE SHARP slide in the dollar during the third quarter has bitten sharply into earnings of the Borden food and chemicals group, casting doubt on earlier forecasts of an 8 to 10 per cent rise in earnings for the full year.

The company managed a gain in its net income of barely 3 per cent over the quarter to $34.9m, or $1.12 a share, on revenues up by more than 10 per cent at $941m.

Holding performance back was a $4.5m loss on foreign currency translation compared with a profit for the same period last year of $200,000.

According to company officials in New York, roughly half of this reflected losses on Swiss franc loans taken out in 1970 and 1971; under U.S. accounting procedures, these valuation changes have to be taken into the profit and loss account. Originally, the loans were worth some $17m.

The remainder of the foreign exchange losses—in the first nine months they were $5.5m—stemmed from the food operation in Brazil, though performance was better in local currency terms.

So far this year, earnings at the three-quarter stage are 4.5 per cent ahead at $102.8m, or $3.30 per share. Revenues have climbed by 8 per cent to $2.8bn. Much now depends on how the dollar moves up to the end of the year, following yesterday's tentative recovery. At best, the rise in earnings will be at the lower end of the forecast range of increase, the officials said.

Actual operating income of Borden was well ahead in the quarter, the largest advances coming from food activities, which were more than 25 per cent up on the same period of last year. The dairy and international sectors also made a contribution, but squeezed margins in the petrochemical and fertiliser areas held back the chemical division.

Last year, Borden boosted its earnings by 12.5 per cent to $126.9m, on a rise of only 3 per cent in sales to $3.48bn; this was the eighth consecutive year in which earnings had improved.

## $50m loan for Fiat-Allis

NEW YORK, Oct. 31.

CHASE MANHATTAN Bank has arranged a $50m eight-year term loan for Fiat-Allis Construction Machinery, a member of the Fiat group. Chase Manhattan is the lead manager for the group of 11 other international banks.

This is the first eurocurrency loan to an American company following the revision of federal reserve regulation.

AP-DJ

## Net loss for Uniroyal

MIDDLEBURY, Oct. 31.

UNIROYAL, the motor tyre and chemicals group, said a $2.8m foreign exchange loss was a major factor in its net loss of $2.9m for the third quarter, as compared with a $5.1m profit in the comparable period of 1977.

The foreign exchange loss, primarily in translation, compared with a $1m loss in the third quarter last year.

Operating losses in the domestic footwear business which the company is in the process of selling, continued. Competitive pricing activities in both domestic and European tyre markets also had an adverse effect on earnings.

For the nine months, net earnings of $3.1m compare with $34.1m or $1.17 previously. There is no share earnings figures for the 1978 period because of preferred dividend requirements, says the company.

Agencies

## Ashland Oil ahead in final quarter

ASHLAND, Oct. 31.

A SLIGHT fall in earnings for the year to September 30 is reported by Ashland Oil despite an upturn in the final quarter of the year.

Total net for 1978 slipped from $164m to $161m, with the net per share figure down from $5.60 to $5.27. Sales, however, increased from $5.1bn to $5.7bn.

The fourth quarter showed an upswing in earnings from $53m to $62m, with net per share rising from $1.82 to $2.09. Sales of $1.7bn compared with $1.4bn previously.

Meanwhile, Textron has agreed to buy Ashland's coating resin business for $20m.

Agencies

### American Brands

American Brands has increased its regular quarterly dividend on common stock to $1 from 87½ cents, Reuter reports from New York. To-day's action raises the indicated annual dividend rate to $4 from $3.50. The increase was based on a commitment the company made at its annual meeting that the annual dividends paid this year would double the $2 paid in 1969. Brands also said that it wanted to keep the rate of increase in dividends above the rate of inflation.

### $31m Hyatt offer

An improved $31m offer has been made by Mr. Ghaith Pharaon for Hyatt International, AP-DJ reports from Chicago. The offer is based on $14 a share for the hotel chain's class A and class B stock, which were formerly sought at $13 a share by the Saudi Arabian financiers. The earlier bid was worth $29.7m.

### United Brands

United Brands attributed its third quarter profit mainly to a turnaround in its meat packing subsidiary, John Morrell and Co., Reuter reports from New York. Earnings of $1.3m in the third quarter compared to a $1.4m loss for the same period last year. This equals 7 cents a share compared with a loss of 18 cents.

## TXIA seeks to boost its National Airlines' stake

BY OUR OWN CORRESPONDENT

NEW YORK, Oct. 31.

WITH HEARINGS opening in Washington today on the rival requests to merge with National Airlines (TXIA), one of the suitors, Texas International Airlines is seeking to boost its stake in National from 23 per cent to 51 per cent.

TXIA, a small but fast growing regional airline, first launched a battle for National in June when it sought CAB approval to acquire control of the leading trunk airline. Pan American World Airways burst on to the scene in August and has since agreed with National on a tender offer based on $41 a share. Both TXIA and Pan Am were given CAB approval to buy up to 25 per cent of National's stock in the open market providing the holdings were placed in voting trust.

An administrative law judge today started hearings on applications by both TXIA and Pan Am to take over National, but at the same time TXIA lodged a request to be able to buy up to 51 per cent of National's stock in the open market. The airline said that circumstances had changed significantly since it filed its first request to buy up to 25 per cent which, it thought unduly restrictive as a limit. TXIA also asked the CAB to force the postponement of a meeting of National shareholders to decide on the Pan Am offer which may be called before the CAB issues its final decision on the merger proposals. This ruling is expected by the end of next March.

## Record airline results at UAL

BY OUR OWN CORRESPONDENT

NE WYORK, Oct 31.

UAL INCORPORATED, the parent company of the largest U.S. airline, United Airlines, has unveiled third-quarter profits of $170.6m, or $6.74 a share — not only more than double last year's, but higher than any airline's previous full-year earnings.

At the same time, United's president and chief executive officer, Mr Richard Ferris, disclosed that the airline had taken options on 69 Boeing jetliners worth $2.2bn. Mr. Ferris said that firm orders, excluding options, placed since 1976 account for $2.4bn of the $9bn United expects to spend on aircraft and other capital equipment by 1990. Cash on hand and internally generated funds should be enough to pay for all the equipment now on order and about 70 per cent of United's equipment needs through 1990, he added.

This confident prediction owes something to United's stunning success this year, which puts its performance among the best in an industry which is making substantially more profits than ever before.

Although no doubt grateful for an 8 per cent increase in hotel earnings during the quarter, and for a $1.2m net profit from its business services operations, which lost $572,000 last year, United is probably happiest that $77m of investment tax credits have spared it a large tax bill on the airline operations. During the quarter, airline earnings before income taxes rose from $84.7m to $184.4m, which yielded after tax $166.09m. The tax credit was worth $3.05 per share, and for the nine months about $5.58 a share, or $140m.

UAL's net income for the nine months was $285m or $11.39 per share. Operating revenues rose 23 per cent during the quarter to $1.12bn and 19 per cent during the nine months to $2.91bn.

**Continental Airlines** reported operating net income of $16.86m or $1.12 a share for the third quarter, compared with last time's $12.57m or 87 cents a share, on revenues up from $179.1m to $205.9m.

Following the three and a half month long strike by its pilots, **Northwest Airlines** turned in a net income for the third quarter of $11.55m or 53 cents a share, down sharply from the $29.4m or $1.36 a share last time. Revenues fell from $281.3m to just $115.8m.

CANADIAN COMPANIES

## MacMillan Bloedel up sharply

BY ROBERT GIBBENS

MONTREAL, Oct. 31.

CANADA'S largest forest products group, MacMillan Bloedel, earned C$28.8m (U.S.$24.48m) or C$1.30 a share in the third quarter against $13.6m or 58 cents for the year earlier (excluding C$22m writeoff in 1977 to cover a 40 per cent investment in French pulp producer La Cellulose D'Aquitaine). Revenues were C$538m against C$432m.

Nine months net was C$72.9m or C$3.25 a share against C$37.9m or C$1.69 (excluding writeoff). Revenues were C$1.5bn against C$1.26bn.

Meanwhile, **Domtar**, the pulp and paper products company, more than doubled its net income for the third-quarter, to C$19.4m, or 1.31 cents a share, from C$9.2m, or 60 cents a share in the same period last year. Sales increased by 21.5 per cent to C$318.3m, from C$261.9m.

The increase in third-quarter earnings resulted mainly from improved market conditions in pulp and paper, and from the continuing strong performance of the recently acquired California Gypsum wallboard operation, the company said.

The group had benefited in its pulp and paper business from improved demand, higher production rates and a lower Canadian dollar exchange rate. Its chemicals and packaging groups had benefited to a lesser extent.

While sales by the construction and materials group in California and other regions in the U.S. were strong, the Canadian market was weaker, reflecting reduced housing activity in eastern Canada.

The earnings of C$41m for the nine months compare with C$17.4m a year earlier.

EUROBONDS

## Dealers find the going rough

By Francis Ghilès

THE INTERNATIONAL bond markets, with the marked exception of the Duetsche Mark sector, ended the month in a poor state. Dealers pointed to what they feel is an increasingly disturbing feature ofthe market—more and more dealers are not taking positions and a reticence to quote prices is detectable even among some major houses.

The argument of those not wishing to quote a price, at least since last Monday, is that they are prevented from doing so by end of the month inventory accounting. Other dealers believe that the going is becoming too rough for them. There is no doubt that some dealers have conspicuously reduced the list of bonds they are willing to quote a price for.

Prices of straight dollar-denominated bonds and floating rate notes were marked down sharply yesterday morning as the six-month Eurodollar rate touched 12¼ per cent, up from the previous day's close of 11 9-16/13-16 per cent. The rate fell back to 11 per cent at the close and many prices moved up again, helped by a significant amount of professional short covering coming from European centres ahead of the All Saints holiday. This will effectively close a number of banks for the rest of this week.

Long-dated issues were marked down by more than short-term ones. The latter suffered more earlier on this month, so now long-term issues are being brought into line.

The floating rate note sector also suffered. The recent Gotabanken issue was quoted at 95¾-96¼ after having been issued at par.

Prices held steady in the Deutsche Mark sector with turnover described by dealers as average. The recent issues for ECSC and Council of Europe were being quoted at a discount of ¼ to ½ of a point having edged up a little since last week. The recent wunderkind issue for BankAmerica Corporation was being quoted at 100-100¼.

In the sterling sector, prices fell sharply for the second day running. Most issues have fallen by about four points since the beginning of the week as investors have decided to take advantage of sterling's strength against the dollar.

The $60m FRN for Leumi International Investments NV, to be arranged by Bank Leumi le-Israel was confirmed yesterday.

## FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on October 31

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| ca Akt. 9¼ 88 | 25 | 95½ | 95¾ | −0½ | −1¼ | 9.98 |
| ustralia 8.45 83 | 175 | †96 | 96½ | −0⅛ | −1 | 9.64 |
| ustralia 9¼ 98 | 75 | †98½ | 99 | 0 | −1 | 9.51 |
| eatrice Foods 7½ 83 | 100 | 93½ | 94 | −0½ | −0¼ | 9.50 |
| ECA 8¾ 87 | 50 | †93½ | 94½ | −0½ | −1½ | 9.77 |
| ECA 9 93 | 25 | 95¾ | 96 | −0¼ | −1½ | 9.54 |
| ECA 9½ 98 | 25 | 96½ | 97 | −0⅛ | −1½ | 9.61 |
| NT 9 95 | 75 | 92½ | 93 | −0½ | −4 | 9.95 |
| anada 8 83 | 250 | 95¼ | 95½ | 0 | −1 | 9.48 |
| anada 8.20 85 | 250 | 94¾ | 95 | −0⅛ | −1 | 9.46 |
| anada 8¾ 98 | 250 | 93⅛ | 93½ | −0⅛ | −1½ | 9.56 |
| anada 9 83 | 400 | †98½ | 99⅛ | +0½ | +0½ | 9.40 |
| anada 9¼ 98 | 350 | 98⅛ | 98½ | −0⅛ | −0½ | 9.56 |
| anadair 8½ 83 | 70 | 92½ | 92¾ | −0½ | −2½ | 10.61 |
| ominion Brdg. Co. 9 86 | 25 | 93½ | 93¾ | −0½ | −0¾ | 10.22 |
| IB 9¼ 85 | 100 | †95 | 95½ | −0½ | −1½ | 9.84 |
| IB 9½ 98 | 125 | †96½ | 97½ | −0½ | −1 | 9.70 |
| IB 9½ 98 | 100 | 97½ | 98½ | −0½ | −1½ | 9.71 |
| lsam Jutland 9 85 | 25 | 94½ | 95 | −0½ | −1½ | 10.14 |
| ksportfinans 9 86 | 50 | 95¼ | 95¾ | −0⅛ | −1½ | 9.86 |
| xport Devlpmnt. 8.6 83 | 125 | †96⅛ | 97⅛ | 0 | −0⅛ | 9.57 |
| inland 8¾ 88 | 100 | †96½ | 97 | −0⅛ | −1½ | 9.90 |
| inland 9 88 | 100 | †96 | 96½ | −0⅛ | −1¼ | 9.80 |
| ospital O/S 9 83 | 25 | 93½ | 93¾ | −1½ | −3 | 10.81 |
| C Industries 9 85 | 35 | 93 | 93½ | 0 | −1½ | 10.47 |
| el Finance 9¾ 88 | 25 | 93½ | 93¾ | −0⅛ | −2½ | 10.87 |
| el Finance 9¾ 90 | 20 | 92½ | 92½ | −0½ | −2½ | 11.18 |
| o-Yokado 9½ 83 | 20 | 96½ | 97½ | −0½ | −1½ | 10.13 |
| C. Penney 8¾ 85 | 100 | 94½ | 95¼ | −0⅛ | −1½ | 9.81 |
| ac Bloedel 9¾ 93 | 50 | 94⅛ | 94¾ | −0⅛ | −1⅛ | 9.96 |
| Z Dev. Fin. 8¼ 83 | 20 | 90½ | 91½ | −0⅛ | −2½ | 10.64 |
| Z Dev. Fin. 8¾ 85 | 20 | 91 | 92½ | −0½ | −2 | 10.25 |
| at. West. 9 86 | 75 | †94½ | 95 | −0⅛ | −3½ | 10.00 |
| ewfoundland 9½ 98 | 50 | 95½ | 95¾ | −0⅛ | −2 | 9.90 |
| ord Inv. Bk. 8¾ 88 | 25 | 95½ | 95¾ | 0 | −0½ | 9.45 |
| orges Komm. 9½ 98 | 75 | †97 | 97½ | 0 | −0⅛ | 9.64 |
| orway 7¾ 83 | 250 | 91½ | 92½ | −0⅛ | −1½ | 10.15 |
| orway 8¼ 83 | 125 | 93⅛ | 93½ | −0½ | −1½ | 10.08 |
| orway 8¾ 83 | 150 | †96½ | 97½ | −0⅛ | −1½ | 9.82 |
| ccidental 8¾ 85 | 75 | 90⅛ | 91½ | −0½ | −3½ | 10.86 |
| nt. Hydro 8¼ 85 | 125 | 92½ | 93 | −0⅛ | −1⅛ | 10.04 |
| uebec Hydro 9¼ 93 | 50 | 95½ | 96 | −0½ | −1½ | 10.05 |
| weden 9¼ 88 | 125 | †97 | 97½ | −0⅛ | −1½ | 9.77 |
| K 8¾ 95 | 200 | †95 | 95½ | −1½ | −1½ | 9.69 |
| K 8¾ 93 | 150 | 96½ | 96¾ | −0½ | −1½ | 9.52 |

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| rgentina 6½ 88 | 150 | 96¼ | 96½ | −0⅛ | −0½ | 7.00 |
| sian Develop. Bk. 5¾ 88 | 100 | 95 | 95½ | 0 | −0⅛ | 6.37 |
| ustralia 6 88 | 250 | 102¼ | 102½ | +0¼ | +0⅛ | 5.64 |
| ustria 5½ 90 | 150 | 98¼ | 98½ | +0¼ | +0¼ | 5.93 |
| que Ext. Algerie 7½ 85 | 100 | 97½ | 98½ | −0½ | −0½ | 7.63 |
| E Mexico 6½ 88 | 150 | 97½ | 97¾ | +0½ | −0½ | 7.10 |
| anada 4¾ 83 | 600 | 98½ | 98⅞ | 0 | +0½ | 5.15 |
| hase Manhattan O/S 6 93 | 100 | 102½ | 103 | +0½ | +0⅛ | 5.72 |
| ommerzbank Int. WW 3½ | 100 | 105½ | 106 | −0½ | −1½ | 2.81 |
| ommerzbank Int. XW 3½ | 100 | 81½ | 82½ | −0½ | 0 | 6.01 |
| ouncil of Europe 6¼ | 100 | 99½ | 99¾ | −0¼ | −0⅛ | 6.37 |
| IB 6 90 | 300 | 98½ | 99½ | +0¼ | +0½ | 6.10 |
| lf Aquitaine 5¾ 88 | 100 | 94½ | 95½ | 0 | 0 | 5.95 |
| SJ 5 84 | 100 | 100 | 100½ | 0 | +0½ | 4.94 |
| ndonesia 7 84 | 100 | 97½ | 98½ | 0 | +0½ | 7.45 |
| obe, City of 5¾ 88 | 100 | 101¼ | 101¾ | +0½ | +0¼ | 5.52 |
| ight Servicos de Elet. | 150 | 97½ | 98½ | 0 | 0 | 7.87 |
| exico 6 85 | 200 | 96¾ | 97½ | 0 | +0½ | 6.55 |
| itsubishi Petro 5¾ 85 | 100 | 101¼ | 102¼ | 0 | 0 | 5.37 |
| ippon Steel 5¾ 85 | 100 | 101¾ | 102¼ | −0½ | −0½ | 5.42 |
| orges Komm 6 90 | 100 | 100½ | 101¼ | +0½ | −0½ | 5.88 |
| orway 4½ 83 | 250 | 96½ | 97 | −0½ | −0⅛ | 5.31 |
| orwegian Ind. Bk. 6 90 | 125 | 99½ | 100¼ | +0½ | −0½ | 5.99 |
| etrolen Brazil 7 88 | 100 | 99¼ | 99¾ | −0½ | +0¼ | 7.07 |
| hilippines 6¾ 88 | 100 | 95½ | 96¼ | −0½ | −0½ | 7.52 |
| K Banken 5¾ 88 | 100 | 95½ | 96½ | 0 | +0½ | 6.30 |
| uebec, Province of 6 90 | 150 | 97½ | 97¾ | −0¼ | +0¼ | 6.32 |
| autaruukki Oy 5¾ 88 | 50 | 94½ | 95 | −0⅛ | −0⅛ | 6.51 |
| icoh 5½ 83 | 30 | 100½ | 100¾ | +0¼ | +0⅛ | 5.12 |
| pain 6 85 | 200 | 96½ | 97½ | 0 | +0¼ | 6.42 |
| tatoil 6 88 | 150 | 100¼ | 100¾ | −0¼ | −0¼ | 5.96 |
| rondheim, City of 5¾ | 35 | 96½ | 97½ | 0 | +0¼ | 6.14 |
| DS Group 5½ 85 | 65 | 97¼ | 97¾ | +0½ | 0 | 6.39 |
| enezuela 6½ 90 | 150 | 97½ | 97¾ | 0 | −0⅛ | 6.83 |

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| cesa 5½ 93 | 40 | 105½ | 105½ | −0½ | 0 | 4.55 |
| rlberg Tunnel 4 93 | 40 | 100½ | 100¾ | −0½ | −0½ | 3.93 |
| sea 4½ 93 | 100 | 96½ | 96¾ | −0¼ | +0⅛ | 4.06 |
| hase Manhattan 4 93 | 70 | 104 | 104½ | −0½ | +0½ | 3.43 |
| VRD 4¾ 90 | 50 | 98½ | 99 | +0½ | +0½ | 4.88 |
| ouncil of Europe 4¾ | 65 | 102½ | 102¾ | −0½ | −0½ | 4.25 |
| ankamerica 3¾ 93 | 80 | 102 | 102½ | −0½ | 0 | 3.56 |
| NDE 5 85 | 75 | 101½ | 101¾ | −0½ | −0½ | 4.77 |
| enmark 4¾ 90 | 100 | 104½ | 104½ | +0½ | +0¼ | 4.01 |
| enmark Mortgage Bank | 80 | 104 | 104½ | −0½ | +0¼ | 4.05 |
| IB 4¾ 93 | 100 | 102½ | 103 | −0½ | 0 | 3.99 |
| uratom 4¾ 93 | 80 | 102½ | 102¾ | −0¼ | −0⅛ | 4.04 |
| L. Smith 4¾ 89 | 25 | 100½ | 101¼ | −0¼ | −0½ | 4.40 |
| inland 4¾ 93 | 80 | 102½ | 103¼ | −0½ | −0½ | 4.22 |
| ZB 4¾ 93 | 100 | 103½ | 103¾ | 0 | −0½ | 4.18 |
| ihr-Liechtenstein 4¾ | 25 | 105¼ | 105¾ | −0½ | −0½ | 3.76 |
| CI Fin. NV 4¾ 90 | 100 | 104½ | 104¾ | +0½ | +0½ | 3.85 |
| atran Voima 4 93 | 80 | 97½ | 97¾ | +0½ | 0 | 4.22 |
| anitoba 4 93 | 100 | 103½ | 103¾ | −0½ | −0½ | 3.67 |
| ew Brunswick EPC 4¾ | 100 | 99½ | 99¾ | −0½ | +0⅛ | 3.79 |
| orway 4 93 | 70 | 101 | 101¼ | +0½ | 0 | 3.98 |
| orges Komm. 4¾ 90 | 100 | 104½ | 104½ | −0½ | 0 | 3.78 |
| KB 4 90 | 80 | 101½ | 102 | +0⅛ | +0½ | 3.83 |
| y Nokia 5 90 | 20 | 101½ | 102¼ | −0½ | +0⅛ | 4.77 |
| ale 4¾ 93 | 30 | 102½ | 102¾ | 0 | −0⅛ | 3.99 |
| ears 4¾ 98 | 15 | 102½ | 103 | +0⅛ | +1½ | 4.13 |
| Alpine 4¾ 95 | 100 | 103¼ | 103½ | −0½ | +0⅛ | 4.19 |
| orarlberg Kraft 4 94 | 30 | 101½ | 102 | −0½ | −0⅛ | 3.83 |
| ossa 4 99 | 100 | 102 | 102½ | +0½ | +0½ | 3.81 |
| orld Bank 4¾ 93 | 250 | 102½ | 102¾ | +0½ | −0½ | 4.00 |

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Asian Dev. Bk. 5¾ 88 | 15 | 98½ | 98¾ | +0½ | +0⅛ | 5.95 |
| Australia 6.6 90 | 50 | 101½ | 101¾ | 0 | +0½ | 6.51 |
| BFCE 6.4 90 | 30 | 96½ | 97½ | 0 | +0½ | 6.87 |
| Eurofima 6.3 90 | 10 | 96½ | 97½ | +0½ | +0½ | 6.75 |
| Finland 6.7 88 | 25 | 98 | 98½ | 0 | +0½ | 7.06 |
| Norway 5.7 83 | 25 | 103½ | 104½ | 0 | +0½ | 4.78 |
| Oslo, City of 6.6 90 | 15 | 98½ | 99½ | 0 | +0½ | 6.87 |
| SNCF 6.6 90 | 20 | 98½ | 99½ | 0 | +0½ | 6.86 |
| Sweden 6.3 90 | 40 | 96½ | 97½ | 0 | +0½ | 6.61 |

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Rank O/S Hold 11½ A$ | 12 | 97½ | 98½ | −0½ | +0½ | 12.12 |
| Auto Cote Basq 7 93 EUA | 26 | 96½ | 97½ | −0½ | −1½ | 7.36 |
| Copenhagen 7 93 EUA | 30 | 95½ | 96½ | −1½ | −1½ | 7.44 |
| Finland Ind. Bk. 7 93 EUA | 15 | 95½ | 96½ | −1½ | −1½ | 7.47 |
| Komm. Inst. 7½ 93 EUA | 15 | 97½ | 99 | −0½ | −0½ | 7.70 |
| Panama 8¾ 93 EUA | 20 | †91 | 92½ | −2½ | −4½ | 9.29 |
| SDR France 7 93 EUA | 22 | 96½ | 98 | −1½ | −1½ | 7.29 |
| Algemene Bk. 6½ 83 Fl | 75 | 93½ | 93½ | +0½ | −0½ | 8.00 |
| Brazil 7½ 83 Fl | 75 | 93½ | 94½ | +0½ | −0½ | 9.05 |
| CFE Mexico 7½ 83 Fl | 75 | 95½ | 96½ | +0½ | +0½ | 8.73 |
| EIB 7¾ 85 Fl | 75 | 94 | 94½ | +0½ | −0½ | 8.35 |
| Neder. Middenb. 6¾ 83 Fl | 75 | 95½ | 96½ | +0½ | −1 | 7.62 |
| New Zealand 6¾ 84 Fl | 75 | 95½ | 96½ | −0½ | −0½ | 7.66 |
| Norway 6¾ 83 Fl | 100 | 94½ | 95½ | −0½ | −0½ | 7.94 |
| OKB 6¼ 85 Fl | 75 | 92½ | 93 | +0½ | −0½ | 7.98 |
| EIB 9¾ 88 FFr | 200 | *97½ | 98½ | +0½ | 0 | 10.05 |
| BAT 8 88 LuxFr | 250 | 95½ | 96½ | +0½ | −0½ | 8.59 |
| Bayer Lux. 8 86 LuxFr | 250 | 95½ | 96½ | −0½ | −0½ | 8.67 |
| EIB 7¾ 88 LuxFr | 250 | 96½ | 97½ | +0½ | +0½ | 8.26 |
| Finland I. Fd. 8 88 LuxFr | 250 | 96 | 97 | +0½ | −0½ | 8.54 |
| Norway 7¾ 83 LuxFr | 250 | 96½ | 97½ | −0½ | 0 | 8.50 |
| Renault 7¾ 88 LuxFr | 500 | 96½ | 97½ | 0 | −0½ | 8.22 |
| Swedish I. Bk. 8 88 LuxFr | 500 | 99½ | 100½ | 0 | −0½ | 7.99 |
| Citicorp O/S Fin. 10 93 £ | 20 | 83½ | 84½ | −2½ | −2½ | 12.38 |
| EIB 9¾ 88 £ | 25 | 86½ | 87½ | −2½ | −2½ | 12.09 |
| Finance for Ind. 10 89 £ | 12 | 82½ | 83½ | −2½ | −3½ | 13.06 |
| Gestetner Hld. BV 11 88 £ | 10 | 84½ | 85½ | −1½ | −1½ | 13.90 |
| Oranjeboom 10½ 90 £ | 15 | 83 | 83½ | −0½ | −2½ | 13.12 |
| Whitbread 10½ 90 £ | 15 | 82½ | 83½ | −3 | −3½ | 13.51 |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.date | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| American Express 5¾ | 0⅛ | 98½ | 98¾ | 20/4 | 10½ | 10.77 |
| Arab Intl. Bank M6.5 85 | 0½ | 95½ | 96½ | 31/1 | 9½ | 9.77 |
| Banco Nac. Argent. M5 83 | 0½ | 96½ | 96½ | 21/1 | 9½ | 9.73 |
| Bank Handlowy M8 85 | 1½ | 96½ | 96½ | 25/11 | 9.56 | 9.90 |
| Bank of Tokyo M5½ 83 | 0½ | 96½ | 96½ | 18/4 | 10½ | 10.88 |
| Banque Worms M5½ 85 | 0½ | 97½ | 97½ | 15/12 | 9 | 9.23 |
| Bq. Ext. d'Alg. M5.375 84 | 0½ | 97 | 97½ | 9/2 | 9½ | 9.90 |
| Bque. Ext. d'Alge. M7.5 85 | 0½ | 96½ | 96½ | 2/11 | 7½ | 7.77 |
| Bque. Indo et Suez M5½ | 0½ | 97 | 97½ | 25/1 | 9½ | 9.64 |
| Bq. Int. Afr. Occ. M6.5 83 | 0½ | 96½ | 96½ | 12/1 | 9½ | 9.70 |
| CCCE M5.25 98 | 0½ | 95½ | 96½ | 3/2 | 9.19 | 9.58 |
| CCF M5½ 98 | 0½ | 98½ | 99½ | 3/11 | 8½ | 8.45 |
| Chase Man. O/S M5½ 93 | 0½ | 95½ | 96½ | 27/1 | 9.31 | 9.70 |
| Costa Rica M8½ 85 | 1½ | 99 | 99½ | 10/4 | 11.10 | 11.27 |
| Credit National M5½ 88 | 0½ | 96 | 96½ | 11/1 | 9.19 | 9.55 |
| Enpetrol M7 86 | 0½ | 97½ | 98½ | 21/3 | 10 | 10.20 |
| SETE M6 83 | 0½ | 98 | 98½ | 5/4 | 10.69 | 10.88 |
| Ishikawajima M5½ 85 | 0½ | 98½ | 98½ | 27/4 | 11½ | 11.44 |
| Ljubljanska M7.75 85 | 1 | 96½ | 96¾ | 19/1 | 10½ | 10.62 |
| Midland Intl. M5½ 93 | 0½ | 95½ | 96 | 20/1 | 9.44 | 9.86 |
| Nat. West. M5½ 90 | 0½ | 95½ | 96½ | 21/12 | 9.31 | 9.71 |
| Nippon Credit M5½ 85 | 0½ | 98 | 98½ | 15/3 | 9½ | 9.67 |
| OKB M5½ 88 | 0½ | 97½ | 98½ | 18/4 | 10.56 | 10.79 |
| Offshore Mining 86 | 0½ | 96½ | 96½ | 19/1 | 9.44 | 9.78 |
| Standard Chart. M5.5 90 | 0½ | 95½ | 96 | 10/2 | 8.94 | 9.33 |
| Sundsvallsbanken M6 85 | 0½ | 95½ | 96½ | 4/4 | 10.06 | 10.50 |
| Utd. Overseas Bk. M6 83 | 0½ | 98½ | 98½ | 4/11 | 8.31 | 8.44 |

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| Asics 5¾ 93 | 9/78 | 620 | 106½ | 107½ | +0½ | 4.76 |
| Baker Int. Fin. 5½ 93 | 1/79 | 34 | 93½ | 95 | −0½ | 12.32 |
| Boots 6¾ 93 | 2/79 | 2.16 | 92½ | 92¾ | −2½ | −6.32 |
| Coca-Cola Bottling 6½ | 4/79 | 9 | 79 | 79½ | −0½ | 9.73 |
| Ito-Yokado 5¾ 93 | 6/78 | 1473 | 144½ | 145½ | +1 | 1.76 |
| Novo Industri 7 89 | [illegible] | 259 | 94 | 94½ | −0½ | −3.27 |
| Texas Int. Air 7¾ 93 | 4/79 | 14.5 | 77 | 77½ | 0 | 24.66 |
| Thorn Int. Fin. 7 88 | 11/78 | 3.67 | 101½ | 102½ | −1½ | −0.79 |
| Tyco Int. Fin. 8½ 88 | 9/78 | 21 | 93½ | 94 | +0½ | 29.18 |
| Tyco Int. Fin. 5 84 | 5/78 | 61.5 | 72½ | 73 | +0½ | 193.39 |
| Asahi Optical 3½ DM | 12/78 | 588 | 93½ | 94½ | −0½ | 24.63 |
| Casio Comp. 3½ 85 DM | 11/78 | 841 | 105½ | 106½ | −0½ | 6.19 |
| Izumiya 3½ 86 DM | 10/78 | 989 | 106 | 107 | −0½ | 7.45 |
| Jusco 3½ 86 DM | 1/79 | 1270 | 100½ | 101½ | −0½ | 14.04 |
| Konishiroku 3½ 85 DM | 1/79 | 612 | 98½ | 99½ | +0½ | 13.71 |
| Marudai Food 3½ DM | 2/79 | 1033 | 103½ | 104½ | +0½ | 17.72 |
| Murata Man. 3½ 86 DM | 11/78 | 854 | 96½ | 96½ | −0½ | 7.51 |
| Nippon Air 3.5 88 DM | 12/78 | 589 | 95½ | 96½ | −2½ | 5.83 |
| Nippon Shinpan 3½ DM | 8/78 | 738 | 115½ | 116 | +0½ | 3.64 |
| Nissan Diesel 3½ 86 | 2/79 | 477 | 97½ | 98½ | −0½ | 11.57 |
| Ricoh 3½ 86 DM | 10/78 | 617 | 102½ | 102½ | −0½ | 17.85 |
| Sankyo Electric 3½ DM | 8/78 | 869 | 119½ | 120½ | −0½ | 6.64 |
| Sanyo Electric 3½ DM | 11/78 | 295 | 94½ | 95½ | −0½ | 14.66 |
| Seiyu Stores 3½ 86 DM | 9/78 | 1275 | 116½ | 117½ | −0½ | −0.06 |
| Stanley Electric 3½ DM | 11/78 | 623 | 108½ | 101 | −1½ | 13.29 |
| Trio-Kenwood 3½ 86 DM | 11/78 | 711 | 92 | 93 | −0½ | 17.88 |

* No information available—previous day's price.

† Only one market maker supplied a price.

**Straight Bonds:** The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

**Floating Rate Notes:** Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.date=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

**Convertible bonds:** Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

## U.S. QUARTERLIES

### AMER. NATURAL RESOURCES

| Third quarter | 1978 $ | 1977 $ |
|---|---|---|
| Revenue | 355.4m | 287.8m |
| Net profits | *1.55m | *2.63m |
| Net per share | *0.07 | *0.13 |
| Nine months | | |
| Revenue | 1.42bn | 1.17bn |
| Net profits | 106.83m | 93.25m |
| Net per share | 4.88 | 4.42 |

*Loss

### CHAMPION SPARK PLUG

| Third quarter | 1978 $ | 1977 $ |
|---|---|---|
| Revenue | 171.1m | 145.9m |
| Net profits | 14.1m | 13m |
| Net per share | 0.37 | 0.34 |
| Nine months | | |
| Revenue | 512.6m | 433.9m |
| Net profits | 45.4m | 37.6m |
| Net per share | 1.19 | 0.99 |

### HARSCO

| Third quarter | 1978 $ | 1977 $ |
|---|---|---|
| Revenue | 206.6m | 175.9m |
| Net profits | 11.5m | 11.6m |
| Net per share | 1.18 | 1.20 |
| Nine months | | |
| Revenue | 596.7m | 503.2m |
| Net profits | 32.1m | 30.5m |
| Net per share | 3.33 | 3.16 |

### EMERY AIR FREIGHT

| Third quarter | 1978 $ | 1977 $ |
|---|---|---|
| Revenue | 103.5m | 89.4m |
| Net profits | 4.65m | 4.95m |
| Net per share | 0.30 | 0.32 |
| Nine months | | |
| Revenue | 301.4m | 252.9m |
| Net profits | 15.35m | 13.54m |
| Net per share | 1.00 | 0.86 |

### NL INDUSTRIES

| Third quarter | 1978 $ | 1977 $ |
|---|---|---|
| Revenue | 470.9m | 402.2m |
| Net profits | 22.23m | 18.36m |
| Net per share | 0.65 | 0.57 |
| Nine months | | |
| Revenue | 1.38bn | 1.2bn |
| Net profits | 60.45m | 49.15m |
| Net per share | 1.76 | 1.52 |

### AMERICAN STANDARD

| Third quarter | 1978 $ | 1977 $ |
|---|---|---|
| Revenue | 495.9m | 429.7m |
| Net profits | 21.9m | 20.9m |
| Net per share | 1.55 | 1.41 |
| Nine months | | |
| Revenue | 1.57bn | 1.33bn |
| Net profits | 78.3m | 67.7m |
| Net per share | 5.55 | 4.15 |

### FOSTER WHEELER

| Third quarter | 1978 $ | 1977 $ |
|---|---|---|
| Revenue | 341.3m | 282.8m |
| Net profits | 9.83m | 7.85m |
| Net per share | 1.20 | 0.96 |
| Nine months | | |
| Revenue | 1.07bn | 859.2m |
| Net profits | 29.8m | 19.83m |
| Net per share | 3.64 | 2.43 |

### HOBART CORPORATION

| Third quarter | 1978 $ | 1977 $ |
|---|---|---|
| Revenue | 127.1m | 113.8m |
| Net profits | 5.68m | 5.35m |
| Net per share | 0.50 | 0.49 |
| Nine months | | |
| Revenue | 386.7m | 345.5m |
| Net profits | 18.43m | 17.86m |
| Net per share | 1.62 | 1.57 |

### MURPHY OIL

| Third quarter | 1978 $ | 1977 $ |
|---|---|---|
| Net profits | 409,000 | 831,000 |
| Net per share | 0.06 | 0.14 |
| Nine months | | |
| Net profits | *984,000 | 3.37m |
| Net per share | *0.16 | |

*Loss

### ROYAL CROWN COS.

| Third quarter | 1978 $ | 1977 $ |
|---|---|---|
| Revenue | 104.6m | 96.4m |
| Net profits | 2.45m | 5.42m |
| Net per share | 0.30 | 0.66 |
| Nine months | | |
| Revenue | 295.3m | 264m |
| Net profits | 8.32m | 15.34m |
| Net per share | 1.02 | 1.87 |

### ARMSTRONG CORK

| Third quarter | 1978 $ | 1977 $ |
|---|---|---|
| Revenue | 312.1m | 276.0m |
| Net profits | 13.33m | 10.35m |
| Net per share | 0.51 | 0.40 |
| Nine months | | |
| Revenue | 931.3m | 814.0m |
| Net profits | 48.47m | 36.68m |
| Net per share | 1.87 | 1.41 |

### FRANK B. HALL

| Third quarter | 1978 $ | 1977 $ |
|---|---|---|
| Revenue | 47.8m | 37.7m |
| Net profits | 6.13m | 4.85m |
| Net per share | 0.67 | 0.54 |
| Nine months | | |
| Revenue | 137.3m | 110.9m |
| Net profits | 17.8m | 14.5m |
| Net per share | 1.97 | 1.61 |

### KERR-McGEE

| Third quarter | 1978 $ | 1977 $ |
|---|---|---|
| Revenue | 523.6m | 555.2m |
| Net profits | 34.18m | 26.09m |
| Net per share | 1.32 | 1.01 |
| Nine months | | |
| Revenue | 1.53bn | 1.66bn |
| Net profits | 78.17m | 92.53m |
| Net per share | 3.02 | 3.58 |

### NATOMAS

| Third quarter | 1978 $ | 1977 $ |
|---|---|---|
| Revenue | 133.4m | 152.1m |
| Net profits | 19.7m | 18.3m |
| Net per share | 2.25 | 2.33 |
| Nine months | | |
| Revenue | 360.6m | 443.4m |
| Net profits | 55.7m | 57.5m |
| Net per share | 6.51 | 7.46 |

### TIMES MIRROR

| Third quarter | 1978 $ | 1977 $ |
|---|---|---|
| Revenue | 352m | 279.5m |
| Net profits | 31.31m | 25.88m |
| Net per share | 0.91 | 0.74 |
| Nine months | | |
| Revenue | 1.06bn | 830.5m |
| Net profits | 94.59m | 70.65m |
| Net per share | 2.73 | 2.03 |

**Industrial Bank of Japan Finance Company N.V.**

**U.S. $50,000,000 Guaranteed Floating Rate Notes due November 1982.**

For the six months
1st November, 1978 to 1st May, 1979

In accordance with the provisions of the Note, notice is hereby given that the rate of interest has been fixed at 11 15/16 per cent. and that the interest payable on the relevant interest payment date, 1st May, 1979 against Coupon No. 3 will be U.S. $60·02.

By: Morgan Guaranty Trust Company of New York, London Agent Bank.

## BUILDING SOCIETY INTEREST RATES

**GREENWICH**
(01-858 8212)
281 Greenwich High Road,
Greenwich, SE10 8NL

* Deposit Rate 6.45%. Share Accounts 6.80%. Sub'pn. Shares 7.85%. Term Shares 2 yrs. 1½% above share rate 3 yrs. 1% above share rate. Interest paid quarterly on shares term shares. Monthly Income Shares 6.80%.

**LONDON GOLDHAWK**
(01-995 8321)
15-17 Chiswick High Road
London W4 2NG.

Sub'pn. Shares 8.20
Deposit Rate 6.45 Share Accounts 6.95

**CLIVE INVESTMENTS LIMITED**
1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.
**Index Guide as at October 24, 1978 (Base 100 at 14.1.77)**

| | |
|---|---|
| Clive Fixed Interest Capital | 129.21 |
| Clive Fixed Interest Income | 113.86 |

**ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.**
45 Cornhill, London EC3V 3PB. Tel.: 01-623 6314
**Index Guide as at October 26, 1978**

| | |
|---|---|
| Capital Fixed Interest Portfolio | 100.02 |
| Income Fixed Interest Portfolio | 100.01 |

# INTERNATIONAL FINANCIAL AND COMPANY NEWS

## Nationale Nederlanden denies U.S. offer

By Charles Batchelor

AMSTERDAM, Oct. 31.

HOLLAND'S largest insurance company Nationale Nederlanden today denied that it had made a $300m takeover bid for the U.S. insurer. Life Insurance Company of Georgia.

In a carefully worded statement, the Dutch company pointed out that it had been engaged in exploratory talks with LOG through an intermediary. But Nat-Ned was at pains to emphasise that the discussions had not reached the stage where a bid had been made.

Nat-Ned's denial of an offer follows yesterday's announcement by LOG that its Board had turned down flat an offer of $50 a share from the Dutch insurer. The alleged bid represented a substantial premium on recent stock market quotations for LOG, and was said to be in the form of cash.

Where the saga goes from here, no one at the Dutch company was prepared to say today. In recent years Nat-Ned has been looked upon as one of the more progressive European insurance companies, expanding its overseas activities to a point where for 1977 they accounted for more than a third of total revenues.

The company has been noticeably acute in the U.S. It is the sole owner of Wisconsin National Life and has majority holdings in Mid-Western United Life of Fort Wayne, Indiana and Security Life and Accident of Denver, Colorado. It also holds just over 80 per cent of the non-life group, Peerless Insurance of Keene, New Hampshire.

Today's statement from the Dutch company said LOG had a turnover of about $212m in 1977 and net profits of $21m. Its assets totalled $860m. A successful bid from Nat-Ned for LOG would extend the Dutch company's life interests into the south eastern states of the U.S. Its life operations are currently centred on the west and mid-west. Nat-Ned made net profits of Fl 205m ($110m) on turnover of Fl 5.4bn ($2.9bn) in 1977, while for the first half of 1978 profits were running some 15 per cent ahead.

## Dassault lifts profit

AVIONS Marcel Dassault-Breguet Aviation, builders of aircraft and missiles, has lifted gross profits to FFr 251.6m ($63m) for the first six months of 1978, compared with FFr 228.8m. At the same time, Societe Dumez, public works concern reports a net profit of FFr 37.8m, against FFr 31.3m

MEDIUM-TERM CREDITS

## Brazil seeks ways of refinancing Eurodebt

BY JOHN EVANS

BRAZIL appears to be attempting a programme of selective restructuring of part of its Eurocurrency debt, in order to exploit the highly favourable borrowing conditions now prevailing in the international syndicated loans markets.

However, international banks are displaying resistance to requests by certain Brazilian state agencies to refinance their loans. It is by no means certain that this restructuring programme, already involving more than $750m of past debt, will be wholly successful.

Euromarket bankers consider that Brazil's actions represent one of the most important turns of events so far in the field of Euromarket refinancing, under which a whole string of borrowing countries have renegotiated some of their past loans in order to lengthen the maturity and reduce the interest spread payable over interbank rates.

The Brazilian steel concern Acominas has indicated that it would like to restructure the $505m loans package arranged in March 1977. The facility, divided into dollar and Deutsche Mark portions, was to help finance the construction of an integrated steel plant in the state of Minas Gerais, costing a total $2.5bn

Spreads on the $335m of dollar tranches in the deal ranged up to 2¼ per cent, on maturities of up to seven years. Various lead managers in the package included Chase Manhattan, Libra Bank, Morgan Grenfell and Dresdner Bank.

Acominas may now decide to prepay half of the $505m ahead of schedule. Bankers suggest that Brazilian entities may be well placed to adopt such prepayment strategies, if the lending banks do not allow a favourable restructuring.

### Reserves

Brazil's international position is currently very strong, and the central bank's currency reserves are widely forecast to reach a level of $11bn by the end of 1978.

Negotiations are continuing on the other proposed restructuring, involving a $250m loan last year to Centrais Electricas Brasileiras, the state electrical generating agency.

The loan included spreads ranging between 1⅞ per cent and 2¼ per cent on maturities of up to seven years. Electrobras is apparently seeking to lengthen the life of the loan to up to 12 years, and lower the spread arrangements to between 1½ and 1⅝ per cent.

There would be little surprise in the market if Electrobras similarly decided to prepay all or part of the $250m, if it were unable to obtain an improvement in terms of the scale desired.

The loan was managed by Bank of America, Dresdner Bank, Banco do Brasil, Chemical Bank, West LB International, Continental Illinois, DG Bank and European Brazilian Bank.

Brazil itself is among the most indebted of the developing nations, with gross debt approaching $40bn. Despite this debt mountain, and a continuing heavy need for development finance, it has been able to share in the general improvement that most borrowers have been able to enjoy.

The state nuclear agency, Nuclebras, is just raising a $75m 10-year loan at a spread of 1 per cent over interbank rates—the lowest margin for Brazilian risk in the current market cycle.

### Repayments

These two latest loan developments suggest that Brazil is keen to ease the burden of its debt position, with debt principal repayments becoming particularly heavy in the early 1980s.

Brazil is among the most indebted of the developing nations, with gross debt approaching $40bn. However, there is argument in the market over the scale to which Brazil could restructure this figure, and many bankers believe that only a relatively insignificant amount could be refinanced.

The banks themselves point out, that with this amount of outstanding debt, loans for Brazil have "no scarcity value" in the market and thus the country's liability to force a restructuring of past loans is somewhat limited.

In the current negotiations, it has become clear that only a "handful" of banks have so far favoured the Brazilian requests.

Balanced against this must be the banks' reluctance to damage their relationships with Brazil, particularly when many of the orders for the country's large industrial infrastructure development, such as steel and hydro-electric schemes, are the subject of tough competition among the industrial countries.

Brazil is the latest in a long list of nations to have turned to the international markets for debt renegotiations. In most cases, the weight of international liquidity—caused by world recession and the U.S. balance of payments deficit—has forced banks to concede better terms to borrowers

## Rights issue from Jaques Borel

By Our Financial Staff

FINANCIALLY troubled French restaurant group Jacques Borel International is to ask shareholders for some $23m in new funds via a two for three rights issue at FF 110 a share, compared with a price of FFr 150 at the close on the Paris Bourse yesterday.

Towards the end of September, the company announced plans for an increase in capital. These, it said at the time, would be put to shareholders sometime over the next five years, and no decision had been taken about when the new money would be raised.

In 1977 the company incurred a loss of FFr 164m compared with a shortfall of FFr 53.7m in 1976. It did not pay a dividend. Company estimates last December had suggested that Borel would be out of the red simetime in 1979.

Last night, the company reported that after a difficult period, it now had the ability to recover a balanced position, and markets continued to grow. Hinting at the condition of its balance sheet, the company suggested that by the end of 178 shareholders' funds could be in a break-even position.

DUTCH PUBLISHING

## Integrating for expansion

BY CHARLES BATCHELOR IN AMSTERDAM

A MERGER between Elsevier and Nederlandse Dagbladunie (NDU) would produce the first fully integrated publishing group in Holland with book, newspaper and magazine and printing interests. The nine companies which currently compete on this market are all strongly oriented to one of these three activities but none encompasses them all.

A merger would also produce a publishing group with estimated annual sales this year of around Fl 1.1bn ($59.1m). This would put Elsevier/NDU on a par with Verenigde Nederlandse Uitgeversbedrijven (VNU) which specialises in the popular end of the book and magazine market, and which also estimates sales this year at around Fl 1.1bn.

Elsevier and NDU have market capitalisations of Fl 240m and Fl 80m respectively. NDU's shares were suspended from trading at Fl 255 on Monday while trading in Elsevier stopped at Fl 280. Together they employ a workforce of 7,400.

The proposed merger comes in a period of strong growth for the Dutch publishing houses in both their domestic markets and abroad. Faced with the limitations of the Dutch language area, comprising 14m Dutchmen and around 5m Flemish-speaking Belgians, Dutch publishers, in particular Elsevier, have been expanding in other languages, notably English, French and Spanish. Circulations have been rising on the newspaper side in the past few years and advertising revenues have also increased. Weekend editions of the popular dailies frequently run to 70 pages and more while new magazines are appearing almost monthly.

But the publishers face the challenge of new technology with information increasingly being transmitted by video cassettes, video records and data banks while the Dutch post office is experimenting with Viewdata, the transmission of information by television screen.

**Two Dutch publishing groups, Elsevier and Nederlandse Dagbladunie yesterday confirmed they are discussing a possible merger. They hope to announce further details later this week. The shares of the two companies were suspended from trading on the Amsterdam Stock Exchange on Monday**

Elsevier is a long-established publishing house which has been successfully expanding abroad for the past 30 years. It is now one of the largest scientific publications groups in the English language area. It started up 38 new scientific journals in 1977 alone bringing the number of titles in this field to 258. Scientific publications accounted for 28 per cent of its 1977 turnover of Fl 593m. Books represented 31 per cent of sales, periodicals 25 per cent, book retailing 10 per cent and printing 6 per cent.

The steadily rising line of sales and profits over the past 10 years was continued into the first half of 1978 when net profit rose 19 per cent to Fl 14.9m on sales 10 per cent higher at Fl 309m.

Elsevier's printing division consists of three companies in Holland and one in Ireland. Pressure on prices at home and the difficulties of exporting caused by the firmness of the guilder made 1977 a disappointing year for the company's printing activities and probably partly explain why it would welcome a strengthening of this sector.

The small share of printing in Elsevier's total sales is where NDU comes in. Elsevier sub-contracts most of its printing work and three of its best known Dutch titles, Elsevier's Wee[...] blad, Elsevier Magazine a[...] the financial weekly FEM, a[...] come from NDU's presses.

The flagship of NDU's new[...] paper fleet is the serious evenin[...] NRC-Handelsblad with its exte[...] sive foreign news coverage whi[...] it also publishes the popul[...] morning paper, Algeme[...] Dagblad. NDU has sevei[...] regional papers too, bringing [...] total daily circulation to mo[...] than 800,000.

The development of NDI[...] profit and loss account has al[...] reflected the buoyant publishi[...] market of the past few yea[...] Turnover rose 25 per cent [...] 1977 to Fl 415m while net pro[...] was 45 per cent higher [...] Fl 10.3m. NDU reported an ev[...] more spectacular rate of grow[...] in the first half of this ye[...] Net profit tripled to Fl 10m fr[...] Fl 3.4m in the first half wh[...] sales rose 27 per cent [...] Fl 232m.

NDU's printing intere[...] accounted for 46 per cent [...] sales in 1977 with its newspa[...] sales accounting for 23 per ce[...] and advertising revenues [...] 30 per cent. The printing sec[...] has improved in the past [...] months after several years [...] underused capacity. NDU [...] panded its printing operatio[...] last year with the acquisition [...] the Rotterdam company, Vl[...] veld and Co.

## Lafarge forecasts sharp second half recovery

BY ROBERT MAUTHNER

PARIS, Oct. 31.

LAFARGE, the French cement company and the third largest producer of cement in the world, has announced that its net consolidated group earnings in the first half of this year amounted to FFr 76.7m ($18.5m) on sales of FFr 3.04bn. This was a decline of FFr 17m compared with the same period last year, on practically the same turnover.

The company, which is making a one-for-five rights issue, announced last week that group net earnings for the whole of 1978 are expected to be about FFr 180m compared with FFr 159m in 1977, indicating a marked recovery in the second half of this year.

Its optimism is based on the French government's decision earlier this year to free industrial prices, a move which is expected to be matched by Canada in the near future. In addition, some of Lafarge's operating companies are also expecting better results in the second half.

Parent company net earnings in the first half of this year, at FFr 26m, were the same as during the same period of 1977.

Lafarge is increasing its capital to FFr 570m from FFr 475m by the creation of 950,000 new shares, offered at twice their nominal value of FFr 100.

● The French state-controlled aerospace concern Societe Nationale Industrielle Aerospatiale has been given government authorisation to acquire a 19 per cent interest in the Singapore company Samaero Company Private, AP-DJ reports from Paris. The acquisition represents an investment of S$2.45m ($1.2m).

Samaero specialises in the marketing and after-sales service of light helicopters. Last November Aerospatiale signed a protocol agreement under which the Indonesian national aviation company Nurtanio would build civil and military versions of Aerospatiale's Puma SA-300 helicopters.

## EOE appointment

MR. E. A. BROUWER, former president of the biggest investment trust in Holland, Robeco NV, has been elected the first independent member of the European Options Exchange (EOE). It is intended that he will be elected chairman of the council at its meeting on November 9, writes James Bartholomew.

The EOE has changed its Articles of Association to allow the election of two independent members. These are intended to represent the public and investment community.

# INTL. FINANCIAL AND COMPANY NEWS

## Nissan expects exports to fall below home sales

BY CHARLES SMITH

TOKYO, Oct. 31.

NISSAN MOTOR Company, Japan's second largest car manufacturer, expects its vehicle exports in the second-half of its current business year to fall to 570,000 units, or well below sales in Japan, to show a decline of 18 per cent from the level of a year earlier. Sales at home in the second-half are expected to rise to 620,000 units.

This is revealed in the company's interim statement of results for the first-half (to September 30) of its fiscal year—which shows an 18 per cent fall in net profits to Y34.9bn ($197m).

The exports estimate is based on the assumption that the yen exchange rate will remain at around Y190 to the dollar, although the rate on the Tokyo foreign exchange market during the past few days has been below Y180.

The rise in the yen produces a direct impact on the prices of Nissan Cars sold in most markets outside the U.S. (including Europe). Exports to the U.S. are priced in dollars but the company has adjusted its dollar prices upwards in a series of steps during the past year or so.

During the first-half of the fiscal year, the depreciation of the dollar reduced by the equivalent of Y90bn Nissan's earnings from the U.S. and other "dollar denominated" markets, but the company adjusted its prices so as to bring in an extra Y71bn. This meant that net losses on dollar denominated exports came to Y19bn.

Nissan's exports touched an all-time peak of 700,000 units in the second half of its last fiscal year, but fell to 620,000 units in the six months ending September, as the Yen's rise began to take effect. In both these periods exports accounted for over half the company's total sales. The position is expected to change during the coming six months, with exports declining to only 48 per cent of overall sales.

Fortunately for Nissan, and for other Japanese car makers, the decline of exports has coincided with very healthy demand in Japan's domestic market. Nissan expects domestic sales to rise to 620,000 units during the second half of the fiscal year, a rise of 7 per cent on the figure for the first half of the year which in turn was 7 per cent up on the last half of 1977. Domestic sales are said to be rising mainly on the strength of "cyclical replacement." People who bought cars during the 1973 (pre-oil crisis) boom, this means have now reached the point of replacing them.

Nissan's sales during the first half of this year, at Y1,195bn ($6.8bn), were down 1 per cent from the second half of the previous year, but were up 6 per cent on year-ago levels (mainly because of expanding domestic car sales). Net income for the latest half-year period came to Y34.9bn, down 8 per cent on the previous half-year and 18 per cent on the year-ago figure. This reflects the impact of higher costs on *relatively static* sales turnover as well as the exchange losses caused by the yen's rise.

Nissan believes that its profit in the second half of the fiscal year will again amount to roughly Y35bn, yielding a profit of Y70bn for the year as a whole. Profits in 1977 were Y80.6bn, down from the peak of Y85.3bn registered in 1976.

## Nippon Oil earnings setback

BY YOKO SHIBATA

TOKYO, Oct. 31.

DESPITE WINDFALL foreign exchange gains, Nippon Oil suffered a setback in earnings—as a result of a sharp drop in the sales prices of oil products—in the first half of the financial year.

Nippon Oil's sales declined by 2 per cent in volume in the six months to September 30, with a fall in sales of low-profit grade C heavy oil to power companies. Meanwhile the average market price of refined oil products sold by the company declined by Y4,147 to Y32,066 per kilolitre from the previous year's level. As a result, Nippon Oil's sales declined by 13 per cent in value to Y747bn ($4.2bn). The company earlier estimated exchange gains at Y11bn on the assumption that the yen exchange rate would stand at Y225 to the dollar. However, the yen appreciated by Y56 to the dollar on the year. This doubled the company's exchange gains to Y28.4bn, from Y13.8bn a year ago.

Record exchange gains, nevertheless, were offset by a fall in oil product prices and by the new petroleum tax, which came into effect in June, and resulted in a Y4bn cost increase for the period. As a result Nippon Oil's current profits dwindled by 6 per cent to Y14.73bn ($83.2m). Net profits fell 4.7 per cent to Y7.57bn ($42.8m).

For the latter half of the fiscal year, the company estimates exchange gains at Y9bn. Current profits are expected to be Y7bn, down 47 per cent from October-March, 1978 period—on the assumption that market prices remain unchanged and that the yen averages Y185 to the dollar. For the full year to March, Nippon Oil foresees sales of Y1,547bn (down 13.2 per cent) and current profits of Y21.7bn (down 24.6 per cent).

## James Hardie Asbestos upturn

BY JAMES FORTH

SYDNEY, Oct. 31.

JAMES HARDIE Asbestos, the major building products group, boosted earnings 20 per cent from A$6.7m to A$8.4m (U.S.$10m) in the six months to September 30. Group sales for the period rose 23.8 per cent to A$120.8m (U.S.$143.8m).

The profit figure includes the results from the Wunderlich Asbestos Cement operations acquired from CSR last year. Hardie is currently involved in a major expansion through the A$65m takeover of Reed Consolidated Industries. The company has already bought the controlling interest of the UK parent and is bidding for the remainder of the capital. Hardie is seeking funds for the acquisition through a A$24m rights issue and a A$30m debenture issue.

The directors said that while trading conditions remained difficult in Australia the company had made significant gains in Indonesia and New Zealand.

The Indonesian operations earned a good profit in the first half compared with a loss in the same period last year. Both building products and pipes were making good progress and the directors were confident of the future of the Indonesian operations.

In New Zealand the company moved strongly against a continuing downward trend in the building industry to record a significant increase in profit. The directors attributed the better result there to greater efficiencies as well as a "good performance in the market place."

Results in Australia were steady despite the still depressed building industry in most states. There were some signs of recovery in New South Wales, but Victoria, South Australia and Western Australia remained depressed.

Looking ahead the directors said that while it was difficult to predict local market conditions, the sales and profit growth in the second half may not be of the same magnitude.

An interim dividend of 6.25 cents a share has previously been announced.

## Ajinomoto first-half profit rise

BY OUR OWN CORRESPONDENT

TOKYO, Oct. 31.

AJINOMOTO, the worlds largest monosodium glutanate manufacturers, raised its first-half net profit by 19 per cent to Y3.090bn ($17.5m). Sales in the six six months to September, however, fell 2.7 per cent to Y159.91bn ($903m).

The rise in earnings was largely the result of rationalisation measures taken since 1975. In addition, the yen appreciation cut import costs on soya beans and other raw materials. The sales drop was chiefly attributed to reductions of sales prices as a result of the sharp fall of material costs.

## Taylor Woodrow

By Our Financial Staff

TAYLOR WOODROW of Nigeria is offering 3.6m ordinary shares of 50 kobo each to Nigerian citizens and associations.

The shares went on sale in Nigeria on October 9 and upon completion will increase the shareholding of Nigerian citizens and associations from 40 per cent to 60 per cent of the company's share capital.

The sale of these shares will enable the company to comply with the provisions of the Nigerian Enterprises Promotion Decree.

## Matsushita has record net gains for quarter

By Richard C. Hanson

TOKYO, Oct. 31.

MATSUSHITA Electric Industrial has raised its consolidated net profits in the third quarter ending August 20 to Y22.76bn ($128.37m) by 20 per cent from Y18.73bn a year ago—the best performance on record for a third quarter period. Consolidated sales were up 16 per cent to Y530.52bn from Y457.28bn. Per share net rose to Y21.53 from Y19.08.

Video tape recorders and microwave oven exports pushed the export total up 6 per cent from a year ago to Y144.57bn, but the export *share of total sales slipped to* 27.3 per cent from 29.7 per cent. For the nine months to August, exports were up 11 per cent.

Nine-month net profit was up 17 per cent to Y65.06bn, while sales rose 11 per cent to Y1.53bn, both records for a nine-month period.

Domestic sales were brisk in the area of home appliances and VTRs, particularly air conditioners and refrigerators during the hot summer months. The company now expects that its net profit in the full year ending November 20 will rise to a record Y85bn from Y78bn last year, while sales rise to a record Y2.03bn from Y1.89bn.

The half-year also saw sharp rises in the net profits of two other Japanese electrical manufacturers.

Mitsubishi Electric, the third largest integrated machinery maker in Japan, raised its net profit in the half-year ending September 31 by 36.4 per cent to Y6.31bn from Y4.63bn a year ago. Sales rose by 11 per cent to Y422.05bn from Y380.14bn.

The company's orders for heavy electric equipment, including power stations and substations from the Middle East and Latin America, showed remarkable strength given the appreciation of the yen. Plant export orders of this type are expected to remain at the Y100bn level this year, or about unchanged from last year.

For the half-year export sales showed a 19.3 per cent gain to Y64.8bn, or a 15.4 per cent share versus 14.3 per cent. Its foreign exchange loss came to about Y4.9bn in the half-year, compared with a little over Y5bn for all last year.

Overall new orders rose 20 per cent to Y49.15bn, while export orders rose only 3.7 per cent. Domestic orders were bolstered by stepped up orders from electric power utilities under Government instruction. Consumer product demand was strong domestically, up 22 per cent, but consumer exports fell 14 per cent.

Fuji Electric's net profits in the September half-year were up by 52.3 per cent to Y1.20bn from Y791m. Sales gained on the strength of orders from public agencies by 21.2 per cent to Y123.61bn from Y102.07bn. Export orders were flat, however, and overall new orders were up only 3.3 per cent.

Dependence on sales to public agencies rose to 17 per cent of the total sales from 15 per cent a year ago, up 19.3 per cent in value.

SAMSUNG MOOLSAN OF KOREA

## Cast in the Japanese mould

BY CHARLES SMITH, FAR EAST EDITOR

**Samsun Moolsan, Korea's leading trading company, has been modelled on Japanese lines by Mr. Byung-Chull Lee, who founded the concern in 1938 and still heads it. Although Mr. Lee says that he lost his capital at least twice during the Second World War, by the late fifties Samsung as a company and Mr. Lee as an individual were the biggest tax payers in the nation. Turnover of Samsung and that of its competitors in Korea is now expanding at rates to make even a Japanese businessman gasp.**

EVERYONE KNOWS that Korea has modelled its post-war economic growth on Japan. What most people do not know is that one Korean group, Samsung, began copying Japan with a high degree of success even before the war. Samsung Moolsan, now Korea's number-one trading company, was also number-one when it was founded in 1938 by Mr. Byung-Chull Lee, the deceptively mild-looking man who still heads the company.

Samsung borrowed its name from Japan as well as a good deal of its business philosophy. "Moolsan" is a Korean translation of Bussan—as in Mitsui Bussan which is the Japanese name of one of Japan's oldest and most successful trading concerns (Mitsui and Co. in English). Samsung itself means "three stars," a name which bears what could be more than a coincidental similarity to Mitsubishi, whose famous "three diamonds" are the symbol of Japan's number-one trading concern.

Mr. Lee says he lost his capital "at least twice over" during the turmoils of the second world war, but began making money immediately after it, when Japanese rule ended and an import boom began. One month after the Korean armistice in 1953, Samsung used the trading profits it had accumulated since 1945 to move into sugar refining (before that Korea imported its sugar in fully processed form). A year later it set up the country's first wool textile mill.

The result by the late 'fifties was that Samsung as a company and Mr. Lee as an individual had become the two biggest taxpayers in the nation. Not only that: until the régime of President Park Chung-Hee came into power in 1963, Samsung held a controlling interest (70 per cent) in Korea's largest bank, together with 20 per cent stakes in the second and third largest banks.

The history of Samsung's relations with the Park régime, which is generally credited with having initiated Korea's present economic miracle, has been largely a matter of (more or less successful) attempts by the latter to cut the former down to size. One of President Park's earlier moves in the field of corporate policy was to oblige Samsung to give up its holdings in the banks—the company duly sold out but bought into insurance companies.

In the mid-1960s, when Samsung established what was at the time one of the world's largest urea fertiliser companies (using technology supplied by Mitsubishi which had originally been developed by ICI), the Government decided that fertilisers were too sensitive a sector to be dominated by a private concern, and once again obliged Samsung to sell out.

The process of "containing" Korea's largest private (and until then family-owned) concern moved a stage further when the Government took steps in the early seventies which effectively induced Samsung to go public. Today the Lee family owns less than 20 per cent of the group's shares. A large portion of the remainder is held by individual Samsung companies which have interlocking shareholdings in each other's equity (another arrangement recalling Japan).

Mr. Lee, a professed Confucianist, does not claim to be a close friend of President Park (a former general who, however, shares Lee's respect for the Japanese way of doing things). Despite this he has allowed himself to be "guided" by the Government into putting money into industries which the President and his economic advisers want to see developed, but which are not in Samsung's traditional line of business. The group moved rapidly and successfully into consumer electronics in the late sixties (with five companies in this field, including two joint ventures, Samsung now competes for the title of the top Korean television manufacturer).

More recently, and apparently more reluctantly, Samsung moved into shipbuilding and heavy engineering (in joint ventures with Ishikawajima Heavy Industries of Japan). Mr. Lee says that it will be five years before Samsung can decide whether the move into shipbuilding (decided on at the depths of the post oil crisis recession) was wise. He adds optimistically that the world will always need ships, and Korea has become one of the natural places to build them.

Future moves by Samsung will almost certainly include the development of aircraft and weapons manufacture—hence the group's satisfaction at having agreed on a technology exchange programme with Rolls-Royce (the agreement covers gas turbine engines for industrial use, but Samsung hopes to see it expanded to take in aircraft engines). With all these irons in the fire, however, trading remains the Samsung forte and the area in which the Japanese model has been most faithfully reproduced.

The Samsung Company, as the group's trading arm is now called, was the first enterprise to be designated a "general trading company," (GTC) under the new Korean policy adopted in 1975 for "creating" general trading companies on the Japanese model. Since receiving this strictly honorary designation, Samsung Company's exports have risen from $34m (in 1974) to $700m (the target for the financial year which ends at the end of this month). Samsung's export target for 1981 is $1.7bn, or eight per cent of the Korean export target for that year.

Samsung Company's overseas network at present consists of 35 branches, with 120 Korean executives (a big Japanese trading company might have 600 to 800 Japanese executives posted abroad). The emphasis, hitherto overwhelmingly on exporting, is expected to shift soon to importing — particularly of raw materials with Samsung taking a hand in overseas resource development projects.

The Samsung group's 1977 turnover of over $1.3bn made it probably about one-tenth of the size of the Mitsubishi group (although the difficulty of defining exactly which companies are or not Mitsubishi group members makes a precise comparison difficult). Mr. Lee claims that some of the newly fledged "integrated business groups" which have appeared in Korea during the past five years or so are only about one-tenth the size of Samsung. The point, however, is that both he and his competitors are expanding their turnovers at rates which would make even a Japanese businessman gasp (Samsung group turnover was up 38 per cent in 1977). By the mid-eighties the size ratio between Samsung and its big Japanese rivals should be a lot less than ten-to-one.

WORLD STOCK MARKETS

# Mid-session Wall St. rally after early fall

INVESTMENT DOLLAR PREMIUM

\$2.60 to £1—70¼% (68¼%)
Effective \$2.0750 36¼% (35¼%)

AFTER MODESTLY extending Monday's late rebound, Wall Street sustained a fresh fall in heavy early trading yesterday before recouping most of the lost ground shortly after mid-day.

The Dow Jones Industrial Average picked up 2.08 more to 813.93 at 10.30 a.m. and then retreated to 801.46 at noon before rallying to 807.87 at 1 p.m. for a net loss of 3.98. The NYSE All Common Index was still 18 cents lower on balance at \$52.46, after falling to \$52.24, although gains

**Closing prices and market reports were not available for this edition.**

pulled even with declines at mid-session. Trading volume reached 31.27m shares, but failed to match Monday's 1 p.m. level of 37.10m.

Analysts said the market is erratic because price falls gain momentum from margin calls until the market is extremely oversold and prices then rally.

However, they added that since there is no fundamental reason for the market to go up, the rally fades and the cycle repeats.

The market was also hurt by a boost in the broker loan rate to 10½ per cent from 10¼ per cent by Chemical Bank. The rise has a two-fold impact, increasing the cost of carrying margin debt and making it more likely that Bank Prime Rates will soon go to 10½ per cent.

Analysts also commented that fundamental problems worrying the market, rising interest rates, a weak dollar and persistent inflation, still show no sign of early resolution.

Government Securities dealers said it appears the Federal Reserve may be tightening monetary policy.

**Dresser Industries** lost ¼ to \$39½ and was the most active issue. **General Motors**, in second place, shed \$1 to \$60.

**U.S. Steel**, which reported a big improvement in third-quarter profits, put on ¼ to \$23¾. **Times Mirror**, also reporting stronger third-quarter profits, added ¼ at \$29½, but **Westinghouse** eased ¼ to \$17 in active trading.

**Baxter Laboratories** added ¾ at \$38¼. The Justice Department responded favourably to its plan to jointly own a blood plasma fractionation facility with the American Red Cross.

THE AMERICAN SE Market Value Index was a net 0.18 up at 138.91 at 1 pm, reversing a noon fall of 0.61. Volume 4.14m shares (7.20m).

**Allied Artists** topped the actives list, picking up ¼ to \$4¼. **Houston Oil**, in second place, slipped ⅜ to \$16¼.

**International Systems and Controls** lost ½ to \$15¾ after stating that its annual report to the Securities and Exchange Commission would be further delayed.

**Iroquois Brands**, which did not trade on Monday, fell 4¼ to \$25¼. It has rejected a \$36 per share take-over bid from an unnamed company and said other concerns have expressed interest in an acquisition.

## Canada

Stocks came back from a firm start to show an easier bias at mid-day after another active business. The Toronto Composite Index was 1.4 down at 1,219.3 at noon, while Oils and Gas declined 9.5 to 1,479.7 and Banks 0.38 to 292.10, but Golds recovered 24.7 to 1,310.3 and Papers rose 1.32 to 147.72.

**Inland Natural Gas**, the most active issue, rose ⅜ to C\$11⅜.

**Canadian Vickers** jumped C\$12 to C\$49. Certain company executives are planning a C\$50 a share offer for all Canadian Vickers outstanding shares.

## Tokyo

With investors showing caution over the recent rise in share prices and a sharp appreciation of the yen in Tokyo, the stock market adopted a downward course after five consecutive trading days of gains.

The Nikkei-Dow Jones Average relinquished 33.89 to 5,902.93 and the Tokyo SE index shed 1.57 to 438.18. Trading was fairly active, with volume coming to 330m shares (400m).

Export-orientated Electricals, Vehicles, Cameras and many other Blue Chips led the decline, followed by recently-selected Textiles, Chemicals and other low-priced issues.

**Nippon Television Network** lost Y80 to Y6,900, **JGC** Y50 to Y1,650, **Matsushita Communication Industrial** Y30 to Y1,900, **Mitsumi Electric** Y43 to Y315, **Totoku Electric** Y42 to Y250, **Matsushita Kotobuki** Y40 to Y1,910, **Fujisawa Pharmaceutical** Y30 to Y1,120, **Nippon Chemiphar** Y30 to Y1,260 and **TDK Electronic** Y30 to Y1,980.

However, Oils and Foods firmed. Oils were bought on expectations that oil refining companies will make large foreign exchange profits due to the yen's rise. One broker said "oil refining companies enjoy a Y2bn profit when the yen goes up one yen to the dollar."

## Germany

After Monday's sharp reaction, shares managed to close mixed to firmer on end-month factors and helped by a slight improvement in the dollar.

**Daimler**, in Motors, gained DM 2.50, **BASF**, in Chemicals, added DM 1.50, and in Steels, **Thyssen** put on DM 1.

However, Banks remained in easier vein, with **Deutsche Bank** losing DM 2.50, while in Electricals, **AEG** shed DM 1. Also still in dull mood were **Schering**, down DM 4, and **Sud Zucker**, off DM 4.50.

Trading on the Domestic Bond market was relatively quiet and muted by the latest tender of three- and four-year Federal Notes, with Public Authority issues shedding up to 40 pfennigs.

The Regulating Authorities purchased a nominal DM 14m of paper, compared with DM 3.3m the previous day. Mark Foreign Loans, however, were steady.

## Paris

Most sectors finished on an irregular note yesterday after light trading ahead of today's All Saints' Day holiday.

Investors were still hesitant over developments on the monetary front, but brokers said the announcement of a French Government draft Bill which would make profit-sharing schemes mandatory for 800 companies was welcomed by investors.

Banks were mostly higher, while in Foods, **Pernod-Ricard** gained 2.0 to FFr 295.1 on announcing higher first-half profits.

Other gaining issues included **Cetelem, Saupiquet, Saunier-Duval, Michelin, Presses de la Cite, BHV, Matra, Creusot-Loire, CFR, Merieux** and **Skis Rossignol**.

However, **Saint Gobain** fell 7 to FFr 148 in reflection of lower profits and cash flow in the first half.

Also notably lower were **Locafrance, Mumm, Ferodo, Poclain, Perrier, Ericsson, BP**, and **Pierrefitte-Auby**.

## Australia

An attempted bargain hunting rally failed to gather momentum and stocks subsequently turned downwards again to finish lower for choice on balance.

However, some Golds held to a firmer course in reflection of the new record Bullion price, with **Central Norseman** gaining 30 cents at A\$15.00 and **Bougainville** 3 cents at A\$1.54.

Among Coal stocks, **Utah** provided a bright spot with a rise of 10 cents to A\$3.90, but **Oakbridge** shed 2 cents to A\$1.59.

Most Uraniums lost further ground as the market awaited the outcome of this week's meeting of the Northern Land Council to decide the future of the Ranger agreement. **Kathleen Investments** declined 18 cents to A\$2.40, **EZ Industries** 8 cents to A\$3.02, **Pancontinental** 20 cents to A\$11.00 and **Queensland Mines** 5 cents to A\$3.05, but **Peko-Wallsend** proved an exception, hardening 4 cents to A\$5.70.

Elsewhere in Minings, **Western Mining** lost 4 cents to A\$1.58 and **Audimco** 7 cents to 50 cents, but **MIM** ended 2 cents up at A\$2.32.

**BHP** receded 8 cents more to A\$7.80, while **ICI Australia** lost the same amount to A\$2.22, **CSR** 4 cents to A\$3.18 and **Myer**, in Stores, 3 cents to A\$1.62.

Among Banks, **National** came back 8 cents further to A\$2.52, while **CBA** were 6 cents lower at A\$2.49.

## Hong Kong

In a reversal of Monday's advancing trend, the market reacted sharply on substantial Overseas selling orders coupled with local profit-taking to close at the day's lowest level. The Hang Seng index, up 15.01 the previous day, retreated 15.21 to 673.11.

# Indices

## NEW YORK—DOW JONES

| | Oct. 30 | Oct. 27 | Oct. 26 | Oct. 25 | Oct. 24 | Oct. 23 | 1978 High | 1978 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Industrials | 811.85 | 806.06 | 821.12 | 869.21 | 852.65 | 859.66 | 907.74 (8/9) | 742.12 (28/2) | 1051.70 (11/1/73) | 41.22 (2/7/32) |
| H'me B'nds* | 86.89 | 87.24 | 87.24 | 87.51 | 87.51 | 87.54 | 90.65 (4/1) | 86.75 (11/7) | — | — |
| Transport | 216.04 | 212.28 | 217.52 | 221.81 | 222.54 | 224.73 | 261.49 (8/9) | 199.31 (9/1) | 279.88 (7/2/69) | 12.23 (8/7/32) |
| Utilities | 98.67 | 98.82 | 100.47 | 101.93 | 101.79 | 102.17 | 110.98 (5/1) | 96.07 (30/10) | 163.32 (20/4/69) | 10.58 (28/4/42) |
| Trading vol. 000's | 58,480 | 40,550 | 31,990 | 31,560 | 28,980 | 58,080 | — | — | — | — |

* Basis of index changed from Aug. 24 · Day's high 814.36 low 792.[illegible]

| | Oct. 27 | Oct. 20 | Oct. 13 | Year ago (approx) |
|---|---|---|---|---|
| Ind. div. yield % | 5.89 | 5.67 | 5.92 | 5.49 |

## STANDARD AND POORS

## BASE LENDING RATES

| | |
|---|---|
| A.B.N. Bank | 10 % |
| Allied Irish Banks Ltd. | 10 % |
| American Express Bk. | 10 % |
| Amro Bank | 10 % |
| A P Bank Ltd. | 10 % |
| Henry Ansbacher | 10 % |
| Banco de Bilbao | 10 % |
| Bank of Credit & Cmce. | 10 % |
| Bank of Cyprus | 10 % |
| Bank of N.S.W. | 10 % |
| Banque Belge Ltd. | 10 % |
| Banque du Rhone | 10½ % |
| Barclays Bank | 10 % |
| Barnett Christie Ltd. | 11 % |
| Bremar Holdings Ltd. | 11 % |
| Brit. Bank of Mid. East | 10 % |
| ■ Brown Shipley | 10 % |
| Canada Perm't Trust | 10 % |
| Capitol C & C Fin. Ltd. | 10 % |
| Cayzer Ltd. | 10 % |
| Cedar Holdings | 10½ % |
| ■ Charterhouse Japhet | 10 % |
| Choulartons | 10 % |
| C. E. Coates | 10 % |
| Consolidated Credits | 10 % |
| Co-operative Bank | *10 % |
| Corinthian Securities | 10 % |
| Credit Lyonnais | 10 % |
| Duncan Lawrie | 10 % |
| The Cyprus Popular Bk. | 10 % |
| Eagil Trust | 10 % |
| English Transcont. | 11 % |
| First Nat. Fin. Corp. | 12 % |
| First Nat. Secs. Ltd. | 12 % |
| ■ Antony Gibbs | 10 % |
| Greyhound Guaranty | 10 % |
| Grindlays Bank | ‡10 % |
| ■ Guinness Mahon | 10 % |
| ■ Hambros Bank | 10 % |
| ■ Hill Samuel | §10 % |
| C. Hoare & Co. | †10 % |
| Julian S. Hodge | 11 % |
| Hongkong & Shanghai | 10 % |
| Industrial Bk. of Scot. | 10 % |
| Keyser Ullmann | 10 % |
| Knowsley & Co. Ltd. | 12 % |
| Lloyds Bank | 10 % |
| London Mercantile | 10 % |
| Edward Manson & Co. | 11½ % |
| Midland Bank | 10 % |
| ■ Samuel Montagu | 10 % |
| ■ Morgan Grenfell | 10 % |
| National Westminster | 10 % |
| Norwich General Trust | 10 % |
| P. S. Refson & Co. | 10 % |
| Rossminster | 10 % |
| Royal Bk. Canada Trust | 10 % |
| Schlesinger Limited | 10 % |
| E. S. Schwab | 11½ % |
| Security Trust Co. Ltd. | 11 % |
| Shenley Trust | 11 % |
| Standard Chartered | 10 % |
| Trade Dev. Bank | 10 % |
| Trustee Savings Bank | 10 % |
| Twentieth Century Bk. | 11 % |
| United Bank of Kuwait | 10 % |
| Whiteaway Laidlaw | 10½ % |
| Williams & Glyn's | 10 % |
| Yorkshire Bank | 10 % |

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7¼%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7¼%, and over £25,000 7½%.
‡ Call deposits over £1,000 7%.
§ Demand deposits 7¼%.

## EUROPEAN OPTIONS EXCHANGE

## NEW YORK

## CANADA

## GERMANY ♦

## TOKYO ¶

## AUSTRALIA

## BRAZIL

## OSLO

## JOHANNESBURG

## AMSTERDAM

## BRUSSELS/LUXEMBOURG

## PARIS

## SWITZERLAND ●

## COPENHAGEN ●

## STOCKHOLM

## MILAN

## VIENNA

## SPAIN ▼

## MONDAY'S ACTIVE STOCKS

# FARMING AND RAW MATERIALS

## China grain threatened by drought

PEKING, Oct. 31.

THE WORST drought for over 100 years has hit parts of east-central China and the result could mean little if any increase in the country's overall grain production this year, some agricultural observers believe.

This opens up the possibility that China may seek further wheat purchases on the international market. Sources suggest that some recent purchases from the U.S. could reflect Chinese leaders' assessment of the situation, and that forward purchases might also be made to offset production problems next year.

China reported a bumper summer grain harvest at the end of July, but agricultural observers said it appeared the prospects for an increase in total grain production this year were diminishing. It was still too early, however, to make a final assessment, depending on results elsewhere in the country.

The hardest hit area is the rice-producing province of Anhwei, where local authorities have ordered rush-sowing of winter wheat and other dry-land crops because there will not be enough water for the early rice crop next year. There are even doubts as to whether there will be sufficient water for dry-land crops.

Late yesterday the U.S. Department of Agriculture reported the sale of 725,000 tonnes of U.S. wheat and 200,000 tonnes of maize to China. All the maize is for delivery in the current marketing year, ending September 30, 1979.

## Coffee price 'range' established

By Our Commodities Staff

A NEW International Coffee Organisation executive board meeting will be called if the indicator price calculated by the ICO rises above 174.25 cents a lb or falls below 128.78 cents a lb and remains there for 20 consecutive market days during the current coffee year (October/September).

At the last meeting, which closed early in October, consumers and producers failed to agree on a new support price range but agreed to give the matter further consideration if prices moved 15 per cent above or below the average level for the past 20 days of the old season and the first 20 of the new season.

The "counting" period ended on Monday and the ICO announced yesterday that the average worked out at 151.51 cents a lb.

## Currency changes bring metal market shake-out

BY JOHN EDWARDS, COMMODITIES EDITOR

THERE WAS a general fall in metal prices on the London markets yesterday following the decline in the value of sterling against the dollar and the setback in the gold and platinum prices from record levels in the morning.

Platinum closed £2.25 down at £184.4 an ounce after reaching a peak of £188 and silver closed 2.1p lower on the Metal Exchange at 298.4p an ounce.

Standard grade cash tin closed £112.5 lower at £7,795 a tonne; copper cash wirebars lost £12 to £740; cash lead £11 to £415.5; and zinc 3.75 to £351.5 a tonne.

Trading conditions were very nervous, with currency influences tending to override normal supply-demand factors.

The uncertainty about the dollar has overshadowed rises in the U.S. domestic prices of both copper and lead. U.S. producers, still using a producer price system, have generally raised their prices to 72 cents a lb and there are reports of the premium for cash wirebars over the New York copper market quotations, based on cathodes, being firmly established at 2.50 cents as a result of a decline in supplies.

St. Joe Lead, a leading U.S. producer, confirmed yesterday it was raising its domestic lead price by 1 cent to 38 cents a lb and Cominco of Canada is making a similar increase. This compares, however, with a 2 cents rise to 39 cents announced by Bunker Hill on Monday night.

At the London Metal Exchange annual dinner last night, Mr. Ian Foster, chairman of the management committee, said that serious consideration should be given to reverting to sterling quotations for the buffer stock price ranges under the International Tin Agreement.

He said that trigger points in any agreement of this kind should be expressed in the currency of the major free trading market, providing that the currency was freely convertible in volume. The London Metal Exchange was the only completely free open market in the world. The market in Penang, whose prices have been used for the Tin Agreement since July, 1972, when sterling was "floated," was basically limited to the tonnage linked to the daily intake of the Malaysian smelters, he said.

The "floor" price of the Agreement in Malaysian ringgit could be easily defended by the buffer stock, but all other producers would not be able to sell in Penang. At what price, and at what terms, would the buffer stock manager be a buyer in other markets, Mr. Foster wondered.

Mr. Foster said there had been a lot of gossip and ill-informed comment about nickel and the Metal Exchange. The situation was that a sub-committee was looking into the possibilities of introducing a nickel futures contract.

The Exchange had not said whether it was going to open a nickel market or not. It was investigating the possibilities and might well look into other metals when it was considered that the time was right.

A cut in the UK price of nickel, as a result of the decline in the value of the dollar against sterling, was announced by Entores, selling agents for the Le Nickel group. Nickel rondelles are going down to £2,169.5 a tonne, compared with £2,343.5 previously.

## Malaysian rubber freights cut

BY OUR OWN CORRESPONDENT KUALA LUMPUR, Oct. 31.

MALAYSIAN RUBBER exporters have signed an agreement with the Far Eastern Freight Conference (FEFC), which gives them the cheapest freight rates to Europe, in return for a guarantee that 75 per cent of their exports will be carried by the Conference lines.

The agreement is for three years, backdated to September 1 last year.

Mr. Abu Bakar Pawanchee, chairman of the Malaysian Rubber Exchange, and head of the freight committee of the rubber industry, said the agreement would provide stable freight rates, and reliable shipping services to Malaysian rubber exporters.

The FEFC, the biggest Conference line between Europe and the Far East, will grant Malaysian exporters a 2.5 per cent discount on the gross freight rates, and undertake not to give exporters from other Southeast Asian countries any freight advantage over Malaysian exporters.

Mr. Abu Bakar said the remaining 25 per cent of the Malaysian rubber not committed to FEFC lines would be opened to other shipping lines to maintain a degree of competition.

This is the first separate merchant agreement outside the FEFC's general cargo contract, and an FEFC spokesman said it was in recognition of the dominant status of rubber to the Malaysian economy.

The agreement also provides for two committees, comprising representatives from interested groups, to act as a statistical monitoring body, and supervise the performance of the contract.

Last year, Malaysia exported 1.6m tonnes of rubber, valued at 3,380m Ringgits, with 40 per cent of it going to Western Europe.

World natural rubber production rose slightly to 1.77m tonnes in the first six months of this year from 1.72m in the same 1977 period, and 3.6m in the whole of 1977. Consumption was 1.89m tonnes (1.8m and 3.7m) International Rubber Study Group figures show, reports Reuter.

## Sri Lanka tea decline

BY OUR OWN CORRESPONDENT COLOMBO, Oct. 31.

SRI LANKA'S tea production dropped by 8m kilos during the period January to August, 1978, compared with the corresponding period in 1977, according to Mr. Bradman Weerakoon, Secretary of the Ministry of Plantation.

The decline in the production of tea is attributed to irregular rainfall, labour shortages in certain areas, lack of factory capacity and delay in the supply of fertiliser.

Another factor for the decline in tea production is that 88 per cent of the total acreage is about 100 years old.

The Sri Lanka Government is studying a proposal to sell the total crop at the Colombo auctions without going to London to sell about 20m kilos as was done in the past.

But Mr. Weerakoon said that in the case of rubber, a major export from Sri Lanka, there had been a marked increase in production. Total output between January and August, 1978, was 78,000 tons compared with the 70,000 tonnes for the same period in 1977.

This year it is estimated that the total rubber produced will be 156,000 tons compared with 150,000 tons last year.

## Soviet frost fears boost cotton

By Our Commodities Staff

FEARS ABOUT the Soviet crop, and the fall in the value of the dollar, pushed cotton prices in Liverpool yesterday to the highest level since May 1977.

The Cotton Outlook "A" Index, which is based on an average of North Europe prices for principal cottons, rose to 78.95 cents a lb, 1.90 cents up in the past week and over 20 cents above the price a year ago.

The decline in the dollar is an obvious reason for the price in Europe to rise. But this reflects the stronger fundamental supply/demand position, which is greatly influenced by the size of the Soviet crop as a major source of supplies and some heavy buying in recent weeks by China, a major consumer.

It was thought until recently that all was well with the Soviet crop, after a poor start to the season resulting in considerable replanting. However, after a spell of very favourable weather, there were reports last week of frost damage and serious doubts as to whether earlier estimates of a record crop of 8.7m tonnes could be achieved.

Reports of a sudden cutback in seed cotton offerings by the Soviet Union, and a rise in Russian asking prices, appeared to confirm that the crop may have been cut.

What is certain is that the Chinese have been buying strongly. A delegation from the China National Textiles Import and Export Corporation (Chinatex) visited the U.S. last week and is believed to have bought at least 150,000 bales.

## Stocks of cod are dwindling

OSLO, Oct. 31.

EUROPEAN FISH markets will have to face drastic cuts in supplies of Arctic cod from the Barents Sea because of dwindling stocks, a Norwegian Fisheries Ministry official said here today.

Mr. Gunnar Gundersen, a Ministry Director, said that Soviet and Norwegian scientists agreed that stocks of spawning females had been cut by about 70 per cent as a result of overfishing and climatic changes.

As a result the International Council for the Exploration of the Sea (ICES) has recommended that the catch of Arctic cod be cut from a quota of 810,000 tonnes this year to 560,000 tonnes in 1979.

The Norwegian-Soviet Fisheries Commission meeting this week will discuss the ICES report

EEC AGRICULTURE

## Big changes urged in farm policy

BY RICHARD MOONEY

DRASTIC CHANGES in the EEC's Common Agricultural Policy are called for in two papers published this week. But while one bases its argument on humanitarian grounds the other simply seeks to promote a "less cumbersome and more flexible" system in the interests of the Community's own members.

In a paper entitled *The CAP and the Developing Countries* the World Development Movement claims that the policy "works at the expense of the poor."

By encouraging almost total self-sufficiency in some products the EEC system has left little room for imports from non-member countries. And would-be sellers are in any case prevented from competing in Community markets by the protectionist barriers built to protect European farmers from competition, the authors charge.

"High fixed prices have nurtured over-production; to get rid of the surpluses the EEC dumps them on world markets, thus depressing prices."

The movement believes that a system must be found to maintain the incomes of European farmers while opening up the market in agricultural products to allow Third World products into Europe.

"Healthy competition would benefit consumers here (in Europe) by reducing prices, and would save the Nine a lot of money now wasted in storage of food surpluses and in export subsidies," the paper declares.

The authors suggest a deficiency payments system, such as that operated in the UK before it joined the Common Market, might provide a workable alternative to the present arrangements.

The paper stresses the importance of setting up international agreements on basic products to ensure world food security and stable prices.

### Shortages

"Their existence," the Movement argues, "would also meet one of the main stated objectives of the present (Common Agricultural) policy—attaining self-sufficiency in foods to protect the consumer from shortages—but in a global framework rather than in the present selfish agricultural policy of the Nine."

The other paper, published in the November issue of *Food Policy**, examines price fixing under the CAP and concludes that an annual limit should be placed on the EEC's agricultural spending "as a means of applying discipline to the annual decisions on agricultural support prices."

As an alternative to this the authors, Simon Harris and Alan Swinbank, suggest that joint agriculture and finance councils could be created for the determination of these prices.

The present system is coming under increasing pressure and is in need of substantial modification, Messrs. Harris and Swinbank contend. "A mechanism which relies upon the exhaustion of the main negotiators to produce agreement is inherently suspect."

When unrelated matters are included in the price package to secure agreement on them as well, the agenda becomes over long and it is difficult to give any one proposal the attention it deserves. "The need for reform is intensified by the prospect of further enlargement of the Community."

The paper identifies as the CAP's major failure its unwillingness to control surpluses, particularly in the dairy and sugar sectors. "The Commission has made various proposals, but so far the Council has been unwilling to accept the political implications of adopting them."

**Published by IPC Science and Technology Press, Guildford, Surrey.*

## Milk powder subsidy protest

BY MARGARET VAN HATTEM LUXEMBOURG, Oct. 31.

BRITAIN TODAY protested to the EEC Commission over its decision earlier this month to cut the variable subsidy on skimmed milk powder used for pig and poultry feed.

It said the move had severely disrupted supplies to UK feed manufacturers.

But the Commission gave no indication that it might increase the subsidy, nor that it had dropped earlier suspicions that UK feed compound manufacturers had acted in concert to force subsidies up.

The subsidy, worth about £6m a month to Britain, is meant to encourage farmers to feed animals on milk powder, of which the Community has a chronic surplus, rather than soya-beans imported from the U.S., which are cheaper.

Each month, EEC seed compound manufacturers submit the tenders to the Commission stating the quantity of milk powder they intend to buy and the subsidy they want. The Commission fixes subsidies large enough to keep prices just below soya prices. If soya prices rise, the subsidy drops accordingly.

Because of the "green" currency system, UK milk powder is the cheapest in the Community and British manufacturers usually take up 12,000 tonnes a month in summer under this system—slightly less in winter—but on average about two-thirds of the EEC total.

Last month, however, the Commission responded to a small rise in the soya price by cutting the subsidy by 0.5 units of account per 100 kilos for fresh milk powder, and by 0.25 u/a 100 kg for old stocks held in intervention. British manufacturers apparently did not allow for this, and, according to the Commission, tendered for too high a subsidy to receive more than 700 tonnes. Commission sources suggested that the tender figures were grouped so close together as to indicate some form of cartel.

The British feel the subsidy cut was not justified, and they were discriminated against because they did not, at the time, have milk powder stocks in intervention old enough to qualify for the larger subsidy.

● Mr. Finn Gundelach, EEC Agriculture Commissioner, will visit Thailand at the beginning of next year to discuss Thailand's high exports of manioc to the Community, Commission sources said in Brussels yesterday.

Some Common Market officials have expressed concern that the Community's manioc imports from Thailand—which totalled 3.7m tons last year and are expected to be more this year—are being used increasingly as animal feed in preference to the Community's own grain.

# COMMODITY MARKET REPORTS AND PRICES

## BASE METALS

COPPER—Lower on the London Metal Exchange. The uncertainty in Foreign Exchange markets coupled with a disappointing performance by Comex saw forward metal fall from £769 on the pre-market to a low of £758.5 in the afternoon prior to a late rally to £762.5 on the late kerb. Turnover: 7,875 tonnes.

| COPPER | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Wirebars | | | | |
| Cash | 742.5-3 | —5.25 | 739.5-40.5 | —12 |
| 3 months | 763.5-4 | —5.5 | 760.5-1 | —12.5 |
| Settl'm'nt | 743 | —5.5 | — | ...... |
| Cathodes | | | | |
| Cash | 730.5-1 | —5 | 727.5-8.5 | —12.5 |
| 3 months | 751.5-2 | —5.5 | 748-9 | —15.5 |
| Settl'm'nt | 731 | —5 | — | ...... |
| U.S. Smt. | 635 | ...... | *69-71.025 | ...... |

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £743, three months £767, 6, 5.5, 5, 4.5, 4, 3, 3.5, 4. Cathodes, cash £731, three months £751.5. Kerb: Wirebars, three months £764. Afternoon: Wirebars, three months £760, 59.5, 60, 61, 63, 62, 61, 60.5. Kerb: Wirebars, three months £762, 3, 5, 4, 3.

TIN—Easier. Forward standard metal opened lower at £7,850 lacking impetus from the Penang market and reflecting currency fluctuations. In the morning rings nervous bull liquidation depressed the price to £7,615. A modest rally saw prices edge higher in the afternoon with forward material moving ahead to £7,655 but it eased afresh on the late kerb to close at £7,620. Turnover: 1,550 tonnes.

| TIN | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| High Grade | £ | £ | £ | £ |
| Cash | 7865-75 | +12.5 | 7800-10 | —102 |
| 3 months | 7655-70 | +10 | 7635-50 | —52.5 |
| Settlem't | 7875 | +15 | — | ...... |
| Standard | | | | |
| Cash | 7860-5 | —5 | 7790-800 | —112 |
| 3 months | 7635-40 | —5 | 7615-20 | —57.5 |
| Settlem't | 7865 | —5 | — | ...... |
| Straits E. | £\$2050 | ...... | — | ...... |
| New York | — | ...... | *750.00 | —7 |

Morning: Standard, cash £7,900, £7,875, 70, three months £7,640, 50, 60, 50, 45, 40. Kerb: Standard, three months £7,625, 40. Afternoon: Standard, three months £7,625, 20, 15, 20, 25, 20. Kerb: Standard, three months £7,615, 35, 30.

LEAD—Lost ground in quiet trading and mainly following copper. Forward metal opened at the day's high of £412 but then eased back on general selling to £404 prior to closing the morning kerb at £406.5. In the afternoon the downturn in copper prompted renewed selling of lead with forward metal finally £403.5 on the late kerb. Turnover: 5,825 tonnes.

| LEAD | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 420.5-1 | —5.75 | 415-6 | —11 |
| 3 months | 405.5-7 | —5.75 | 403.5-4 | —9.5 |
| Settl'ment | 421 | —7 | — | ...... |
| U.S. Spot | — | ...... | *36.36 | ...... |

Morning: Cash £422, 1, £420.5, three months £404, 4.5, 5, 5.5, 6, 5.5, 6, 6.5, 7, 7.5, 8, 7.5, 6.5. Kerb: Three months £406. Afternoon: Three months £404, 3.5, 3, 4, 4.5, 5.5, 5, 4.5, 4. Kerb: Three months £405, 4, 3.

ZINC—Down in line with the trend in other base-metals. Forward metal traded quietly throughout the day, opening at £366 and falling back to a low of £363 before closing at £363.5 on the late kerb. Turnover: 2,550 tonnes.

| ZINC | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 353.25-.5 | —3.12 | 351-2 | —5.75 |
| 3 months | 365-.5 | —3.5 | 362.5-3 | —5 |
| S'ment | 353.5 | —3.5 | — | ...... |
| Prim. west | — | ...... | *33.5-4.5 | ...... |

Morning: Cash £353, 3.5, 3.25, three months £365, 6, 5.5. Kerb: Three months £365. Afternoon: Three months £364, 3. Kerb: Three months £364, 3.5, 3.

ALUMINIUM—Quiet with forward metal edging up throughout the day to close on the late kerb at £599. Turnover: 1,260 tonnes.

| Alumin'm | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | | £ | |
| Spot | — | ...... | — | ...... |
| 3 months | 598-9 | —3.25 | 598.5-9 | —2.5 |

Morning: Three months £598, 8.5. Kerb: Three months £598.5. Afternoon: Three months £598, 8.5, 9. Kerb: Three months £599.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

## SILVER

Silver was fixed 0.75p an ounce higher for spot delivery in the London bullion market yesterday at 298.85p. U.S. cent equivalents of the fixing levels were: Spot 626.4c, up 1.5c; three-month 640.4c, up 1.5c; six-month 656.3c, up 1.6c; and 12-month 685.3c, up 3.6c. The metal opened at 301-302p (630½-632c) and closed 298½-299½p (619½-621c).

| SILVER per troy oz. | Bullion fixing price | + or — | L.M.E. close | + or — |
|---|---|---|---|---|
| Spot | 298.85p | +0.75 | 298.4p | —2.1 |
| 3 months | 306.15p | +0.55 | 305.75p | —2.5 |
| 6 months | 314.25p | +0.85 | — | ...... |
| 12 months | 330.4p | +0.65 | — | ...... |

LME—Turnover 339 (341) lots of 10,000 ozs. Morning: Three months 307.3, 7.1, 6.9, 6.5, 6.9, 6.7, 6.8, 6.6, 6.7, 6.8, 6.9, 6.7, 6.8. Kerb: Three months 306.5, 7, 7.2, 7.3, 7.2, 7. Afternoon: Three months 305.5, 5.3, 4.8, 4.3, 4.5, 5, 6, 5.9, 5.8. Kerb: Three months 305.5, 5.2, 5, 4.8, 5, 5.1, 5.2.

## COCOA

Values traded erratically throughout the day, easing towards the close as the dollar strengthened, reports Gill and Duffus.

| COCOA | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| Dec. | 1859.0-62.0 | —16.50 | 1920.0-1840 |
| March | 1996.0-98.0 | —7.50 | 2025.0-1988 |
| May | 2050.0-55.0 | —4.00 | 2064.0-2015 |
| July | 2058.5-2043 | —2.75 | 2059.0-2.25 |
| Sept | 2052.0-55.0 | —5.00 | 2050.0-2020 |
| Dec | 1987.0-98.0 | —11.50 | 2023.0-1985 |
| March | 1984.0-87.0 | —4.50 | — |

Sales: 2,198 (2,440) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound)—Daily price Oct. 30: 186.44 (190.21). Indicator prices Oct. 31: 15-day average 174.14 (173.02); 22-day average 173.01 (172.22).

## COFFEE

ROBUSTAS traded in a narrow range around last night's closing levels with activity centred on forward position switching by the dealers, Drexel Burnham Lambert reports. The market closed just off the highs after late buying from one London broker. Market sentiment remains nervously bullish and final values were £5 higher on balance.

| COFFEE | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| November | 1535-1555 | +7.0 | 1540-152 |
| January | 1448-1450 | +1.5 | 1452-1432 |
| March | 1346-1347 | +2.5 | 1353-1660 |
| May | 1308-1309 | +7.0 | 1312-1.10 |
| July | 1275-1285 | —16.5 | 1255-1252 |
| September | 1230-1245 | +5.5 | 1240-1228 |
| November | 1210-1225 | +14.5 | — |

Sales: 2,765 (1,940) lots of 5 tonnes.

ICO Indicator prices for Oct. 30 (U.S. cents per pound): Colombian Mild Arabicas 175.00 (171.00); unwashed Arabicas 154.00 (same); other mild Arabicas 154.00 (same); other mild Arabicas 1976 151.00 (150.00); Robustas ICA 1968 152.00 (151.00). Daily average 151.75 (150.67).

## RUBBER

STEADIER opening on the London physical market. Good interest throughout the day, closing on a slightly easier note. Lewis and Peat reported the Malaysian market was closed.

| No. 1 R.S.S. | Yesterday's Close | Previous Close | Business Done |
|---|---|---|---|
| Dec. | 64.10-64.20 | 63.75-64.00 | 64.50-64.25 |
| Jan | 64.80-65.10 | 64.85-65.00 | — |
| Jan-Mar | 65.80-65.90 | 65.65-65.95 | 65.40-65.85 |
| Apr-Jne | 68.55-68.60 | 68.50-68.55 | 68.90-68.20 |
| Jly-Sept | 70.85-70.90 | 70.70-70.75 | 71.25-70.60 |
| Oct-Dec | 72.85-73.00 | 72.70-72.80 | 73.50-72.80 |
| Jan-Mar | 74.85-75.00 | 74.70-74.90 | — |
| Apr-Jne | 77.00-77.05 | 76.80-76.90 | 77.10-77.00 |
| Jy-Sept | 79.05-79.10 | 78.85-78.90 | 79.25-79.10 |

Sales: 88 (12) lots of 5 tonnes and 784 (365) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 63.5p (63.25); Dec. 63.25p (62.75); Jan. 64.25p (63.75).

## GRAINS

LONDON FUTURES (GAFTA)—Wheat opened 15-25p lower on country selling and saw good commercial support at these levels which rallied the market slightly from the lows. Good demand was seen for Nov. and volume was good. In the afternoon session it eased a little further on country selling to close 10-20p lower. Barley opened 20p lower and good commercial buying was seen in the nearbys but volume was thin due to lack of sellers on the lows and the market closed 10-20p lower on the day (Acli reports).

| | WHEAT | | BARLEY | |
|---|---|---|---|---|
| M'nth | Yesterday's close | + or — | Yesterday's close | + or — |
| Nov | 87.65 | —0.10 | 79.40 | —0.10 |
| Jan | 89.75 | —0.20 | 81.90 | —0.10 |
| Mar | 92.00 | —0.20 | 84.20 | —0.15 |
| May | 94.45 | —0.15 | 86.45 | —0.20 |

Business done: Wheat—Nov. 87.50-87.75, Jan 89.70-89.85, March 91.95-92.10, May 94.35-94.50. Sales: 274 lots. Barley—Nov. 79.40-79.50, Jan. 81.80-82.05, March 84.15-84.25, May 86.55 only. Sales: 94 lots.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent Nov.-Dec. £94.50 Tilbury. U.S. Dark Northern Spring No. 2, 14 per cent, Oct. £88.25, Nov. £86.75, Dec. £87.25, transhipment East Coast. U.S. Hard Winter, 13½ per cent, Nov. £87 quoted, Dec. £87.75 quoted, transhipment East Coast. EEC grades unquoted.

Maize: U.S./French, Oct. £102.75, Nov. £103.10, Dec. £103.25, transhipment East Coast. S. African White, Nov.-Dec. £64.25. S. African Yellow, Nov.-Dec. £64.25.

Barley: English Feed fob Dec. £84.25, Jan.-March £85.75 East Coast. Sorghum and Oats: Unquoted.

HGCA—Location ex-farm spot prices. Other milling wheat—Berks. and Oxford 88.00. Feed barley—N.E. England 76.80, Berks. and Oxford 76.70.

The UK monetary coefficient for the week beginning Nov. 6 will remain unchanged.

EEC DAILY IMPORT LEVIES—EEC levies and premiums as follows are effective for Nov. 1 in units of account a tonne. In order current levy plus Nov., Dec. and Jan. premiums (with previous in brackets). Common wheat—84.89, rest nil (80.78; rest nil). Durum wheat—129.15, rest nil (126.55; rest nil). Rye—86.20; rest nil (83.67; rest nil). Barley—90.10; rest nil (87.30; rest nil). Oats—80.56; rest nil (77.94; rest nil). Maize (other than hybrid for seeding)—83.76; rest nil (81.09; rest nil). Buckwheat—11.50; rest nil (7.58; rest nil). Millet—58.94; rest nil (50.71; rest nil). Grain sorghum—81.55; rest nil (78.01; rest nil). Flour levies—Wheat or mixed wheat and rye flour—129.76 (124.14). Rye flour—131.57 (127.55).

## SOYABEAN MEAL

Prices ended with losses against Chicago of £1.10-£2.10 a tonne, at or near session lows. Sentiment was influenced by a lower physicals market and today's stability in the U.S. dollar. Some selling was attributed to speculative profit-taking.

| | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| December | 122.00-22.5 | —1.10 | 123.80-21.70 |
| February | 122.80-23.1 | —1.95 | 124.60-23.00 |
| April | 122.5-23.3 | —2.10 | 124.00-22.90 |
| June | 122.00-23.6 | —1.95 | 123.20 |
| August | 122.00-24.0 | —1.50 | 123.70 |
| October | 122.00-25.5 | —1.50 | 124.00 |
| December | 121.50-24.0 | —1.25 | — |

Sales: 109 (177) lots of 100 tonnes.

## SUGAR

LONDON DAILY PRICE (raw sugar) £106.00 (£107.00) a tonne cif for Nov.-Dec. shipment. White sugar daily price was fixed at £111.00 (£112.00).

Disappointed long liquidation found only scattered takers scale-down, and prices quickly declined some 100 points, reports C. Czarnikow. Thereafter quotations showed little change until the close, when further small losses occurred.

| Sugar Pref. Comm. Con. | Yesterday's Close | Previous Close | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| Dec. | 110.75-10.80 | 116.40-16.80 | 114.00-10.80 |
| March | 115.70-15.75 | 116.40-16.50 | 117.25-15.65 |
| May | 116.30-15.70 | 118.50-18.45 | 119.25-15.75 |
| Aug | 119.00-16.25 | 121.00-21.15 | 121.75-18.25 |
| Oct | 128.10-20.25 | 125.00-23.50 | 121.10-22.25 |
| Dec | 121.90-22.00 | 125.00-25.45 | 128.00-22.25 |
| March | 126.00-26.00 | 126.75-29.50 | — |

Sales: 2,736 (2,150) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £264.85 (same) a tonne for home trade and £162.50 (£169.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for Oct. 30: Daily 9.14 (8.98); 15-day average 8.86 (same).

WHITE SUGAR—Close (in order buyer, seller, business, sales): Feb. 117.00, 18.00, nil, nil. April 120.00, 21.00, 122.00, 20. July 124.50, 25.00, nil, nil. Sept. 128.00, 29.50, nil, nil. Nov. 132.50, 35.00, nil, nil. Feb. 136.00, 38.50, nil, nil. April 142.00, 45.00, nil, nil. Sales: 28.

EEC IMPORT LEVIES—The following import levies for white and raw sugar are effective for Nov. 1 in units of account per 100 kilos (with previous in brackets). White sugar (denatured and non-denatured)—26.39 (26.01). Raw sugar 21.59 (same).

## COTTON

COTTON—Liverpool. Spot and shipment sales amounted to 326 tonnes, bringing the total for the week to 1,375 tonnes, reports F. W. Tattersalls. Fair trading continued, with useful support in African, Russian and Turkish styles. Various North and South American growths were in sustained request.

## WOOL FUTURES

LONDON—The market was marked down slightly in a dull and featureless session, reports Bache.

(Pence per kilo)

| Australian Greasy Wool | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| December | 225.0-29.0 | —5.0 | — |
| March | 235.0-35.0 | —5.0 | — |
| May | 234.0-37.0 | —5.5 | — |
| July | 230.0-39.0 | —4.0 | — |
| October | 230.0-38.0 | —5.0 | — |
| December | 235.0-41.0 | —2.0 | — |
| March | 235.0-43.0 | —4.0 | — |

Sales: Nil (same) lots of 1,500 kg.

SYDNEY GREASY—Close (in order buyer, seller, business, sales)—Micron contract: Dec. 348.0-349.0; 349.0-345.5; 19. March 354.0-354.5; 355.0-354.0; 14. May 357.0-357.5; 357.5-357.0; 9. July 363.0-364.0; 363.5; 5. Oct. 365.0-368.0; nil; nil. Dec. 368.0-368.5; 369.5-366.5; 6. March 371.0-372.0; nil; nil. Total sales: 53.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales): Dec. 180.0-86.0, nil, nil; March 181.0-83.0, 182.0, 10; May 182.0-183.0, nil, nil; July 182.0-86.0, nil, nil; Oct. 187.0-92.0, 187.0, 10; Dec. 190.0-95.0, nil, nil; March 191.0-96.0, nil, nil. Sales: 20.

## MEAT/VEGETABLES

SMITHFIELD—Beef: Scottish killed sides 54.0 to 58.0. Ulster hindquarters 60.0 to 64.0, forequarters 37.0 to 40.0. Eire hindquarters 55.0 to 63.0, forequarters 37.0 to 38.0.

Veal: English fats 60.0 to 68.0; Dutch hinds and ends 80.0 to 87.0.

Lamb: English small 52.0 to 59.0, medium 52.0 to 56.0, heavy 48.0 to 52.0; Scottish medium 52.0 to 56.0, heavy 48.0 to 52.0. Imported frozen: NZ PL 57.0 to 58.0.

Pork: English, under 100 lb 37.0 to 46.0, 100-120 lb 35.0 to 45.0, 120-160 lb 35.0 to 43.0.

Grouse: Young best (each) 180.0 to 220.0.

Partridges: Young (each) 200.0 to 240.0.

MEAT COMMISSION—Average fatstock prices at representative markets on October 31. GB cattle 66.75p per kg.l.w. (+0.06); UK sheep 133.6p per kg.est.d.c.w. (+0.4); GB pigs 64.8p per kg.l.w. (—0.4). England and Wales—Cattle numbers down 3.3 per cent, average price 65.83p (+0.39); sheep numbers up 7.4 per cent, average price 133.7p (+0.2); pig numbers up 27.5 per cent, average price 64.9p (—0.5). Scotland—Cattle numbers up 17.9 per cent, average price 69.28p (—1.62); sheep numbers down 14.7 per cent, average price 127.8p (+5.7); pig numbers down 8.1 per cent, average price 63.8p (—0.3).

COVENT GARDEN (prices in sterling per package except where otherwise stated)—Imported produce: Lemons—Italian: 120/150s new crop 5.50-6.50; S. African: 4.00-7.00; Cyprus: Crates 7.00-7.20; Turkish: 5.00; Greek: 7.20. Oranges—S. African: Valencia Late 4.30-5.60; Brazilian: Valencia Late 4.30-4.50; Argentine: 4.50-5.20. Satsumas—Spania: Trays 3.00-4.50. Grapefruit—Dominican: 3.60-5.00; Cyprus: 4.00-4.80; Israeli: Jaffa 4.20-4.85. Apples—French: Golden Delicious 20-lb 72 2.00-2.20, 84 1.60-1.80; 40-lb 138/150/163/175 3.60-4.20, jumble pack per pound 0.05-0.07. Stark Crimson 20-lb 72 2.00-2.10, 84 1.60-1.70, jumble pack, approx. 30-lb 1.50-1.80, Granny Smith 20-lb 72 2.20-2.30, 84 1.60-1.65, Jonathan 40-lb 150-163/175 4.00-4.30. Pears—Italian: Per pound Williams 0.18-0.20; Dutch: Conference per pound 0.11-0.15. Grapes—Italian: Black Regina 2.20, Almeria 1.60; Spanish: Almeria 2.50-2.80, Negri 2.60; French: Per pound Alphonse Lavalle 0.22. Bananas—Jamaican: Per pound 0.14. Avocados—Israeli: 3.00-3.50. Capsicums—Dutch: Per 5 kilos 4.00. Onions—Spanish: 2.80-3.20; Dutch: 1.80-2.00. Melons—Spanish: Yellow 6/14 3.30-3.80, Green 3.60-4.00. Tomatoes—Jersey: 1.60-2.60; Spanish: 2.80-3.20; Canary: 2.80-3.20; Dutch: 3.00-3.20.

English produce: Potatoes—Per 25 kilos 1.10-1.30. Lettuce—Per 12 round 1.30-1.40, Cos 1.20, Webbs 1.40. Cucumbers—Per tray 12/24s new crop 3.20. Mushrooms—Per pound 0.50-0.60. Apples—Per pound Bramley 0.04-0.07, Lord Derby 0.04, Cox's Orange Pippin 0.05-0.12, Worcester Pearmain 0.05, Russets 0.05-0.09. Pears—Per pound Conference 0.08-0.14, Comice 0.10-0.16. Tomatoes—Per 12-lb English 2.30-2.50. Cabbages—Per crate 0.50-0.90. Celery—Per head 0.07-0.10. Cauliflowers—Per 12 Lincoln 1.20-1.30. Beetroot—Per 28-lb 0.60-0.70. Carrots—Per 28-lb 0.40-0.70. Capsicums—Per pound 0.30-0.35. Courgettes—Per pound 0.30. Onions—Per bag 1.70-1.80, Picklers 2.40-2.50. Swedes—Per 28-lb 0.50. Turnips—Per 28-lb 0.80. Parsnips—Per 28-lb 0.90. Sprouts—Per pound 0.04-0.05. Cobnuts—Per pound Kent 0.48-0.45. Corn Cobs—Each 0.10.

## PRICE CHANGES

Price in tonnes unless otherwise stated.

| | Oct. 31 1978 | + or — | Month ago |
|---|---|---|---|
| **Metals** | | | |
| Aluminium | £710 | ...... | £710 |
| Free market (c/s) | $1,140/60 | ...... | $1070/90 |
| Copper cash W Bar | £740 | —12.0 | £745.75 |
| 3 months do. do. | £760.75 | —12.5 | £769.5 |
| Cash Cathode | £728 | —12.5 | £735 |
| 3 months do. do. | £748.5 | —13.5 | £758 |
| Gold ...Troy oz. | $242.125 | —3.0 | $222.125 |
| Lead cash | £415.5 | —11.0 | [illegible] |
| 3 months | £403.75 | —9.5 | [illegible] |
| Nickel | | ...... | |
| Free Market (c/s) (lb) | $1.75 | ...... | $1.78 |
| | 1.88 | ...... | 1.93 |
| Platinum troy oz. | £142 | ...... | £150 |
| Free Market | £184.4 | —2.25 | £148.5 |
| Quicksilver (76lb.) | $122/27 | ...... | $122/27 |
| Silver troy oz. | 298.85p | +0.75 | 295p |
| 3 months | 306.15p | +0.55 | 300.8p |
| Tin Cash | £7,795 | —112.5 | £7,172.5 |
| 3 months | £7,617.5 | —57.5 | £6,9[illegible] |
| Tungsten (a) | $141.35 | ...... | $141.[illegible] |
| Wolfram 22.04 cif | $143/48 | ...... | $141/4[illegible] |
| Zinc cash | £351.5 | —5.75 | £343.75 |
| 3 months | £362.75 | —5.0 | £353.75 |
| Producers | $720 | ...... | $675 |
| **Oils** | | | |
| Coconut (Phil) | $905x | —5.0 | $795 |
| Groundnut | | ...... | |
| Linseed Crude (v) | £350 | —4.0 | £320 |
| Palm Malayan | $645x | —5.0 | $612 |
| **Seeds** | | | |
| Copra Phillip. | $610x | ...... | $532.5 |
| Soyabean (U.S.) | $291x | +1.0 | $278 |
| **Grains** | | | |
| Barley | | | |
| Home Futures | £81.9 | —0.1 | £85.25 |
| Maize | | | |
| French No. 3 Am | £102.75 | ...... | £102.75 |
| Wheat | | | |
| No. 1 Red Spring | £94.5z | ...... | £93.75 |
| No. 3 Hard Winter | £87[illegible] | ...... | £85 |
| English Milling | £91.5v | ...... | £91 |
| Cocoa shipment | £2,051 | —8.0 | £2,071 |
| Future Mar. | £1,997 | —7.5 | £2,011 |
| Coffee Future | | | |
| Jan. | £1,449 | —25.5 | £1,515 |
| Cotton 'A' Index | 78.95 | —0.4 | 74.9 |
| Rubber kilo | 63.5p | —0.25 | 62.25p |
| Sugar (Raw) | £106 | —1.0 | £111 |
| Wooltops 64s kilo | 269p | ...... | 275p |

* Nominal. † New crop. ‡ Unquoted. n Nov.-Jan. q Sept. s Oct.-Nov. t Nov.-Dec. u Nov. w Dec. x Per ton. z Indicator prices.

**FINANCIAL TIMES**

| Oct. 31 | Oct. 30 | Month ago | Year ago |
|---|---|---|---|
| 265.22 | 267.67 | 257.69 | 236.86 |

(Base: July 1, 1952=100)

**REUTERS**

| Oct. 31 | Oct. 30 | Month ago | Year ago |
|---|---|---|---|
| 1529.0 | 1531.1 | 1509.9 | 1461.6 |

(Base: September 18, 1931=100)

**DOW JONES**

| Dow Jones | Oct. 31 | Oct. 30 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 397.95 | 402.21 | 377.15 | 349.22 |
| Futures | 396.43 | 400.30 | 377.31 | 325.00 |

(Average 1924-25-26=100)

**MOODY'S**

| Moody's | Oct. 31 | Oct. 30 | Month ago | Year ago |
|---|---|---|---|---|
| Sple Commty | 993.7 | 992.1 | 955.3 | 848.7 |

(December 31, 1931=100)

★

GRIMSBY FISH—Supply poor, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.50-£6.20; codlings £3.50-£4.70; large haddock £5.00-£5.50; medium haddock £4.00-£4.60; small haddock £3.20-£3.60; large plaice £5.30-£5.70; medium plaice £5.00-£5.60; best small plaice £4.20-£5.00; large skinned dogfish £8.00; medium skinned dogfish £6.00; large lemon soles £8.50; medium lemon soles £7.50; rockfish £3.00-£3.40; saithe £2.40-£2.80.

## U.S. Markets

## Metals and cocoa fall: sugar weak

NEW YORK, Oct. 31.

PRECIOUS METALS closed sharply lower on Commission House and local profit-taking after the recent sharp gains and the slight recovery of the U.S. dollar. Copper eased slightly on arbitrage selling. Cocoa closed limit-down on Commission House stop-loss selling and trade arbitrage selling. Sugar closed sharply lower on local and trade selling, Bache reports.

Cocoa—Dec. 177.40 (183.40), March 177.15 (183.15), May 176.85, July 176.30, Sept. 175.20, Dec. 171.90 settlements. Sales: 1,178.

Coffee—"C" Contract: Dec. 153.60-153.10 (153.90), March 142.75-143.00 (143.23), May 139.25, July 136.00-136.50, Sept. 134.00-135.00, Dec. 132.50, March nil. Sales: 725 lots.

Copper—Nov. 69.60 (69.50), Dec. 70.20 (70.40), Jan. 70.90, March 72.35, May 72.45, July 74.35, Sept. 75.30, Dec. 76.65, Jan. 77.05, March 77.85, May 78.65, July 79.45, Sept. 80.25. Sales: 12,500 lots.

Cotton—No. 2: Dec. 69.25-69.35 (69.74), March 72.30 (72.72), May 73.65, July 74.55, Oct. 68.75-68.80, Dec. 67.40-67.45, March 68.25-68.35. Sales: 6,550 bales.

*Gold—Nov. 235.80 (245.00), Dec. 240.70 (247.00), Jan. 242.40, Feb. 244.50, April 249.10, June 253.30, Aug. 257.90, Oct. 262.40, Dec. 267.00, Feb. 271.70, April 276.40, June 281.20, Aug. 286.00. Sales: 36,500 lots.

†Lard—Chicago loose 25.75. NY prime steam 27.25 traded (27.00).

‡‡Maize—Dec. 234-234¼ (235½), March 243½ (244½), May 250-249¾, July 253½-253¼, Sept. 253¼, Dec. 258¼.

§Platinum—Jan. 379.00-382.00 (394.90), April 380.00-383.00 (385.70), July 382.40-384.00, Oct. 386.70-386.90, Jan. 389.40-389.60, April 391.90-392.10. Sales: 4,199 lots.

*Silver—Nov. 616.50 (631.70), Dec. 621.50 (636.50), Jan. 625.90, March 634.60, May 643.30, July 652.30, Sept. 661.40, Dec. 675.90, Jan. 680.60, March 690.20, May 699.90, July 709.70, Sept. 719.60. Sales: 20,000 lots. Handy and Harman spot bullion 617.00 (629.60).

Soyabeans—Nov. 706-708½ (721½), Jan. 720-718 (732), March 731-732, May 736-737, July 736-737, Aug. 727-728, Sept. 701, Nov. 686-687.

‖Soyabean Meal—Dec. 196.30-195.70 (201.90), Jan. 197.50-197.30 (202.20), March 197.50-198.00, May 197.00, July 197.00-196.50, Aug. 195.50, Sept. 194.00-195.00, Oct. 191.00, Dec. 190.00-191.00.

Soyabean Oil—Dec. 26.28 (26.55), Jan. 26.15-26.10 (26.35), March 26.00-26.05, May 25.95-25.65, July 25.85-25.75, Aug. 25.65-25.70, Sept. 24.90-24.95, Oct. 24.65-24.70, Dec. 24.50-24.55.

Sugar—No. 11: Jan. 8.90 (9.26-9.33), March 9.35-9.45 (9.75-9.76), May 9.60-9.62, July 9.74-9.78, Sept. 9.88, Oct. 9.09-10.00, Jan. 9.80 bid, March 10.40-10.50. Sales: 7,100.

Tin—756.00-760.00 nom. (765.00 nom.).

**Wheat—Dec. 361-361¾ (364), March 354½-355¼ (357), May 351-351¼, July 334½, Sept. 327¼ bid, Dec. 342.

WINNIPEG, Oct. 31. ¶¶Rye—Oct. 103.00 nom. (104.00), Nov. 105.00 nom. (105.00 bid), Dec. 103.80 asked, May 105.60 bid, July 105.50 nom.

¶¶Oats—Oct. 56.50 bid (same), Dec. 53.20 bid (53.00 bid), March 61.60 bid, May 81.40, July 81.70 bid.

‡‡Barley—Oct. 75.50 asked (77.00 bid), Dec. 76.20 bid (75.50 bid), March 76.50 asked, May 77.50 asked, July 77.60 bid.

§§Flaxseed—Oct. 283.50 bid (same), Nov. 290.50 asked (288.20), Dec. 273.50 asked, May 279.00, July 279.00 asked.

¶¶Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 181.53 (182.65).

All cents per pound ex-warehouse unless otherwise stated. *$s per troy ounce—100-ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam fob NY bulk tank cars. ‡ Cents per 56-lb bushel ex-warehouse, 5,000-bushel lots. § $s per troy ounce for 50-oz units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounce ex-warehouse. ‖ New "B" contract in $s a short ton for bulk lots of 100 short tons delivered fob cars Chicago, Toledo, St. Louis and Alton. **Cents per 60-lb bushel in store. ††Cents per 24-lb bushel. ‡‡Cents per 48-lb bushel ex-warehouse. §§ Cents per 56-lb bushel ex-warehouse, 1,000-bushel lots. ¶¶ $C per tonne.

## LEGAL NOTICES

No. 003347 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of CHIPCO LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 19th day of October 1978, presented to the said Court by LA SOCIETE ARRUE S.A.R.L. whose registered office is situate at 84800 L'Isle Sur Sorgue, a Company incorporated in France with limited liability, food export-ine merchants, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 20th day of November 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

CAMPBELL HOOPER & AUSTIN WRIGHT,
15, Jermyn Street,
London SW1Y 6LT.
Ref: RDH/768/78/DMW
Tel: 01-734 7431.
Solicitors for the Petitioner

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 17th day of November 1978.

No. 003348 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of L. N. M. PROPERTIES LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 18th day of October 1978, presented to the said Court by LA SOCIETE RAMOSPORT S.A.R.L.—whose registered office is situate at 8 Rue Du Sentier, a Company incorporated in France with limited liability, Clothing Merchants, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 20th day of November 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

CAMPBELL HOOPER & AUSTIN WRIGHT,
15 Jermyn Street,
London SW1Y 6LT.
Ref: RDH/1295/77/DMW.
Tel: 01-734 7431.
Solicitors for the Petitioner

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 17th day of November 1978.

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In Matters of:

No. 003386 of 1978
LEXHAM INDUSTRIAL LIMITED
No. 003387 of 1978
CASTLELITES LIMITED
No. 003383 of 1978
HESPAR PRODUCTS LIMITED
No. 003390 of 1978
FIREBALL LIMITED
No. 003395 of 1978
LATIME CONSULTING ENGINEERS LIMITED
No. 003389 of 1978
CONNAUGHT CAMERAS LIMITED

and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that Petitions for the winding-up of the above-named Companies by the High Court of Justice were, on the 23rd day of October 1978, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7HE, and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 27th day of November 1978, and any creditor or contributory of any of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of any of the said Companies requiring such copy on payment of the regulated charge for the same.

G. F. GLOAK,
King's Beam House,
39-41, Mark Lane,
London EC3R 7HE.
Solicitor to the Petitioners.

NOTE.—Any person who intends to appear on the hearing of any of the said Petitions must serve on, or send by post to, the above-named notice in writing of his intentions so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any), and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 24th day of November 1978.

## PUBLIC NOTICES

CITY OF EDINBURGH DISTRICT COUNCIL PROMISSORY NOTES

£1,500,000 Bills maturing on 26th January 1979 were offered and issued on 27th October 1978 at an average rate of 10 3-64ths% p.a. Total applications for this issue amounted to £12,000,000 and there are £3,500,000 Bills outstanding.

## CLUBS

# STOCK EXCHANGE REPORT

# Dollar uncertainties impart pressure on equities

## 30-share index falls 5.5 to 478.9 but Gilt-edged resist

**Account Dealing Dates**

**Option**

| *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Oct. 16 | Oct. 26 | Oct. 27 | Nov. 7 |
| Oct. 30 | Nov. 9 | Nov. 10 | Nov. 21 |
| Nov. 13 | Nov. 23 | Nov. 24 | Dec. 5 |

**Account Dealing Dates**

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Very few pointers yesterday were in favour of a firm stock market. The bleak prospects for a Government/union compromise on pay, the unsettled U.S. economic scene and particularly the ailing dollar with its implications for UK overseas earnings and the Arab oil producers (the latter, it has been suggested, could soon raise prices to counter loss of revenue) were all factors arousing anxieties.

Hopes that Wall Street would maintain its overnight recovery momentum were quickly forgotten following revived selling of leading industrials, which followed reports that oil exports from Iran had ceased owing to industrial action. In the absence of any worthwhile support stock became difficult to place and a handful of top-name companies became vulnerable.

The new threat to production at Vauxhall also played a part in the movement which started with the FT Industrial Ordinary index only 0.2 off at 10 am but finally 5.5 down at 478.9, the lowest since July 20. Despite the morning pressure to sell, busines overall was still modest with bargains marked, at 4,638, only slightly higher than Monday's 4,337.

Higher U.S. Treasury bill rates were noted by British Fund dealers who, anticipating renewed offerings, opened quotations easier. In the event, cheap buyers began to pick up stock and the losses, rarely more than ½, were generally regained: in selected cases among the shorts, they were replaced by fractional improvements.

Still reflecting the political uncertainties, South African Golds remained uneasy. The slight reaction in the bullion price from Monday's record level was also a contributory factor to selling which became fairly widespread. Falls among the heavier-priced stocks ranged to 1½ points and the FT Gold Mines index closed 5.1 lower at 143.4. The recovery in the investment currency premium failed to check the downturn.

Firmer rates for the latter were maintained in a sizeable trade. Once again, the bulk of the day's business was connected with activities in U.S. securities although interest continued on Irish account. The premium closed 2¼ points up on balance at 70¾ per cent. after 71¼ per cent. Yesterday's SE conversion factor was 0.7328 (0.7428).

Although activity was restrained by the general setback in equities, there was a small improvement in activity in the Traded Options market; total contracts amounted to 558 compared with Monday's 474.

Irish issues came on offer in lacklustre Banks. Allied Irish fell 8 to 219p in front of today's interim statement, while small selling left Bank of Ireland 20 cheaper at 417p. Hambros reacted 6 to 174p in Merchants.

Dullness in the Insurance sector was largely confined to brokers. C. E. Heath fell 10 to 233p, while C. T. Bowring, 109p, and Stenhouse, 94p, lost 4 apiece. A. Howden also came on offer at 134p, down 6. Among Life issues, Legal and General slipped 6 to a 1978 low of 134p.

Building descriptions retreated from a steady to firm opening. A late withdrawal of support left Taylor Woodrow 5 down at 399p and Tilbury Contracting 4 cheaper at 289p. In its slimmed-down form, John Laing A lost 3½ to 79p. On the other hand, mirroring demand that developed late on Monday, George Wimpey held a gain of 2 at 80p, after 81p. Elsewhere, Marley shed 2 to a low for the year of 70p and G. H. Downing eased 5 to 132p. Cements usually cheapened by two or three pence, although Tunnel B gave up 6 at 292p.

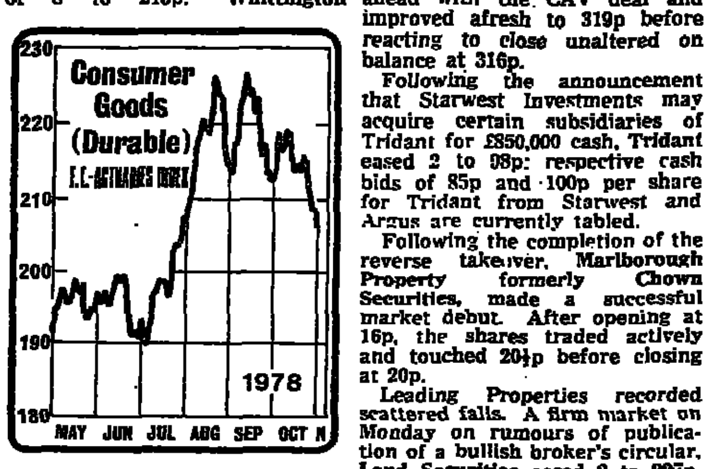
ICI eased from the outset on nervous offerings reflecting the performance of the U.S. dollar and closed 9 off at 369p, while Fisons encountered small selling and shed a like amount at 318p. Elsewhere, Plysu continued to attract speculative support and added 3½ for a two-day rise of 10 at 108p. Bernard Wardle provided another firm spot on revived buying interest and improved 1½ to 28½p.

### J. Hepworth down

Standing a couple of pence higher ahead of the annual results, J. Hepworth eased back on profits slightly below market estimates and closed 4 cheaper at 66p. Sharply higher interim profits and a proposed 50 per cent scrip issue failed to stimulate Bambers which, having touched 179p, fell away to close a net penny off at 170p. Having rejected bids from Pentos and Lonsdale Universal worth 150p and 212p respectively, Midland Educational advanced 7 to 242p on news of the revised agreed offer currently worth about 244p per share from Alfred Preedy. The last-named was unmoved at 83p.

Still reflecting the chairman's profits warning, Decca A lost 8 for a two-day fall of 30 to 410p. Elsewhere in Electricals, Thorn closed 7 cheaper at 351p. Electrocomponents declined 5 to 285p in front of tomorrow's interim results, while Plessey, 105p, and BSR, 85p, shed 4 apiece. Losses of 8 were seen in Farnell Electronics, 360p, and Racal Electronics, 318p, but Audio Fidelity rose 4 to 34p on the encouraging statement which accompanied the results.

Helped by news that the company is to sell its 72 per cent holding in Canadian Vickers and also by nationalisation compensation hopes, Vickers moved against the trend in the Engineering majors and advanced to 196p before settling at 192p for a rise of 3 on the day. In contrast, scattered selling and lack of support left John Brown 10 off at 424p and Hawker Siddeley 8 down at 228p. GKN eased 3 to 267p and Tubes 2 to 372p. Secondary issues were rather quiet, but occasional selling was evident. Matthew Hall were noteworthy for a fall of 8 to 215p. Whittington



Engineering closed 3 lower at 65p following the fall in half-yearly profits.

Awaiting today's interim figures, Cartiers dropped 8 to 102p on light profit-taking. Elsewhere in Foods, Geo. Bassett eased 4 to 116p and J. Sainsbury 5 to 213p. Avana, however, closed 2 better at 61½p, after 63p, on the near-doubled interim profits. Small buying in a restricted market lifted W. J. Pyke 5 to 65p, while William Low improved 2 to 92p on the preliminary figures.

City Hotels provided a dull feature at 119p, down 7, following the announcement that the Office of Fair Trading has mounted an investigation into the affairs of its Dayville ice cream subsidiary. Elsewhere, Trust Houses Forte eased 4 to 232p and Ladbroke 3 to 174p.

Overseas earners bore the brunt of selling among the miscellaneous Industrial leaders. Reckitt and Colman were outstanding with a loss of 20 at 453p with Pilkington, which reacted 13 to 290p, and Beecham, 10 off at 640p. Reed International reacted to 154p following interim results below expectations before rallying to close only 3 cheaper on balance at 161p. Glaxo gave up 5 to 540p and falls of 3 were marked against Boots, 192p, and Bowater, 180p. Elsewhere, comment on the interim results prompted a fall of 1½ to 57½p in MY Dart, but Photo-Me gained 5 to 353p in response to the encouraging tenor of the annual statement. Wedgwood gave up 5 to 108p and similar losses occurred in S. Gibbons, 202p, Low and Bonar, 182p, Hawkins and Timpson, 70p, and Scotcros, 70p. Other dull spots included Ricardo, 8 lower at 304p, and Avon Rubber, 4 cheaper at 168p. On the other hand, Powell Duffryn encountered occasional demand and put on 4 to 192p.

British Northrop were weak late at 74p, down 9, on the sharp fall in half-yearly profits.

Among Motor Components, Lucas continued to benefit from news that Volkswagen is to go ahead with the CAV deal and improved afresh to 319p before reacting to close unaltered on balance at 316p.

Following the announcement that Starwest Investments may acquire certain subsidiaries of Tridant for £850,000 cash, Tridant eased 2 to 98p: respective cash bids of 85p and 100p per share for Tridant from Starwest and Argus are currently tabled.

Following the completion of the reverse takeover, Marlborough Property formerly Chown Securities, made a successful market debut. After opening at 16p, the shares traded actively and touched 20½p before closing at 20p.

Leading Properties recorded scattered falls. A firm market on Monday on rumours of publication of a bullish broker's circular, Land Securities eased 2 to 227p. English gave up that much, at 36p, as did MEPC, at 137p, while Stock Conversion shed 8 at 266p. Laing Properties A passed a quiet session and eased 5 to 121p. Intereuropean encountered further interest and touched 40p before settling a penny lower on balance at 38p, but County and District found support at 118p, up 2, after 119p.

Light selling and lack of support made for dullness in the Oil leaders. British Petroleum drifted off to close 6 cheaper at 868p and Shell finished a similar amount lower at 563p.

In a busier trade, Investment Trusts again succumbed to some sizeable selling and the recent sharp downward re-rating was taken a good stage further. City and International fell 6 to 92p, while numerous falls of around 4 included Trustee Corporation, 136p, Foreign and Colonial, 162p, and Bishopsgate Trust, 178p. Jersey External Preferred were also dull at 167p, down 7. In Financials, R. P. Martin, at 56p, lost half of the previous day's Press-inspired rise of 6. London Merchant Securities, which were quoted ex the scrip issue on Monday, dropped 5 to 66p.

Among Shippings, Graig closed 5 harder at 145p despite the interim loss and dividend omission.

Awaiting the resumption of talks with Dawson International, J. Haggas moved ahead to 176p before closing up a penny on balance at 172p. Dawson issues, however, continued to give ground, the Ordinary reacting 3 to 183p and the A 2 to 181p.

Among Tobaccos, Bats became an unsettled market at 273p, down 5, following the resignation of the chairman from the company's subsidiary. International Plantations were noteworthy only for fresh interest in Guthrie which improved 6 for a two-day improvement of 17 to 363p on small buying in a restricted market.

### Heavy falls in Golds

A $3 reaction in the bullion price to $242.125 per ounce, coupled with continuing political uncertainties saw South African Golds come under sustained sellinig pressure throughout the day. The Gold Mines index dropped 5.1 more to 143.4, its lowest level since early May.

Share prices opened easier, reflecting overnight U.S. selling, and then weakened further following small but persistent London and Cape selling. Falls were extended in the after-hours' trade as renewed American selling was reported.

Losses among the heavyweights ranged to £1¼ as in West Driefontein, £21, while falls of around ¾ were common to Western Holdings, £17¾, Free State Geduld, £14¼ and Randfontein, £29¼.

Medium-priced stocks showed President Brand 53 off at 790p and President Steyn a similar amount lower at 650p.

Financials mirrored Golds. In the South African section, Anglo American dropped 7 more to 309p and De Beers registered their seventh successive fall, losing another 2 to 352p.

London-based Financials also lost ground. Charter and Gold Fields were both 5 cheaper at 141p and 180p respectively, while Rio Tinto-Zinc fell 4 to 238p.

Platinum shares were again unable to capitalise on the further rise in the free market platinum price as the heavy losses in Golds prompted substantial selling of Platinums. Impala dropped 7 to 199p, Rustenburg 4 to 102p and Lydenburg 3 to 72p.

Australians staged a modest rally after the recent decline. Most of the buying was centred on the high quality stocks with Conzinc Riotinto 10 better at 250p, MIM Holdings 4 up at 181p and Western Mining 2 harder at 125p.

Tins also improved. Speculative buying lifted Saint Piran 6 to a 1978 high of 87p and South Crofty 4 to 69p.

## FINANCIAL TIMES STOCK INDICES

| — | Oct. 31 | Oct. 30 | Oct. 27 | Oct. 26 | Oct. 25 | Oct. 24 | A year ago |
|---|---|---|---|---|---|---|---|
| Government Secs. | 69.28 | 69.34 | 69.37 | 69.36 | 69.68 | 69.63 | 77.55 |
| Fixed Interest | 70.52 | 70.65 | 71.02 | 71.02 | 71.10 | 71.34 | 79.72 |
| Industrial | 478.9 | 484.4 | 483.2 | 484.4 | 489.7 | 496.5 | 498.1 |
| Gold Mines | 143.4 | 148.5 | 149.3 | 148.0 | 149.2 | 149.1 | 143.6 |
| Gold Mines (Ex-$ pm.) | 106.1 | 110.3 | 110.4 | 109.8 | 108.4 | 107.6 | 103.3 |
| Ord. Div. Yield | 5.67 | 5.60 | 5.62 | 5.58 | 5.51 | 5.45 | 5.44 |
| Earnings Y'ld% (full)(*) | 15.67 | 15.48 | 15.52 | 15.53 | 15.34 | 15.16 | 16.17 |
| P/E Ratio (net) (*†) | 8.43 | 8.53 | 8.51 | 8.52 | 8.62 | 8.73 | 8.80 |
| Dealings marked | 4,638 | 4,337 | 4,870 | 4,818 | 4,400 | 4,471 | 6,836 |
| Equity turnover £m | — | 63.27 | 78.71 | 89.53 | 75.15 | 49.37 | 72.21 |
| Equity bargains total | — | 14,854 | 15,781 | 17,065 | 14,695 | 11,066 | 16,379 |

10 am 484.3. 11 am 482.9. Noon 480.3. 1 pm 480.5. 2 pm 479.9. 3 pm 479.4.

Latest Index 01-246 8026.

* Based on 52 per cent corporation tax. † Nil=8.20.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ pm index started June, 1972. SE Activity July-Dec. 1942.

### HIGHS AND LOWS

| — | 1978 High | 1978 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|
| Govt. Secs. | 78.58 (5/1) | 68.79 (6/6) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 81.27 (9/1) | 70.52 (31/10) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 535.5 (14/9) | 433.4 (2/3) | 549.2 (14/9/77) | 49.4 (26/6/40) |
| Gold Mines | 206.6 (14/8) | 130.3 (6/1) | 442.3 (22/5/75) | 43.5 (26/10/71) |
| Gold Mines (Ex-$ pm.) | 132.3 (14/8) | 90.3 (18/4) | 337.1 (3/4/74) | 54.3 (25/8/76) |

### S.E. ACTIVITY

| | Oct. 31 | Oct. 30 |
|---|---|---|
| —Daily | | |
| Gilt-Edged | 135.7 | 125.3 |
| Industrials | 160.1 | 185.4 |
| Speculative | 33.6 | 35.6 |
| Totals | 105.6 | 98.7 |
| 5-day Average | | |
| Gilt-Edged | 136.6 | 140.6 |
| Industrials | 165.4 | 163.7 |
| Speculative | 33.8 | 34.7 |
| Totals | 105.0 | 104.2 |

## LONDON TRADED OPTIONS

| Option | Exercise price | January Closing offer | January Vol. | April Closing offer | April Vol. | July Closing offer | July Vol. | Equity close |
|---|---|---|---|---|---|---|---|---|
| BP | 850 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 866p |
| BP | 900 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | |
| BP | 950 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | |
| Com Union | 140 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 154p |
| Com Union | 160 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | |
| Cons Gold | 160 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 182p |
| Cons Gold | 200 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | |
| Courtaulds | 110 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 115p |
| Courtaulds | 120 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | |
| Courtaulds | 130 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | |
| GEC | 280 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 318p |
| GEC | 300 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | |
| GEC | 330 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | |
| Grand Met. | 100 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 106p |
| Grand Met. | 110 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | |
| Grand Met. | 120 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | |
| ICI | 330 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 369p |
| ICI | 360 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | |
| ICI | 390 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | |
| ICI | 420 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | |
| Land Secs. | 200 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 227p |
| Marks & Sp. | 70 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 82p |
| Marks & Sp. | 80 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | |
| Marks & Sp. | 90 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | |
| Marks & Sp. | 100 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | |
| Shell | 550 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 564p |
| Shell | 600 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | |
| Totals | | | [illegible] | | [illegible] | | [illegible] | |
| | | November | | February | | May | | |
| BOC Intl. | 80 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 67p |
| Boots | 180 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 192p |
| Boots | 200 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | |
| Boots | 220 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | |
| Boots | 240 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | |
| Imperial Gp | 80 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 81p |
| Imperial Gp | 90 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | |
| RTZ | 240 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 239p |
| RTZ | 260 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | |
| Totals | | | [illegible] | | [illegible] | | [illegible] | |

## OPTIONS

**DEALING DATES**

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| Oct. 24 | Nov. 6 | Jan. 25 | Feb. 6 |
| Nov. 7 | Nov. 20 | Feb. 8 | Feb. 20 |
| Nov. 21 | Dec. 4 | Feb. 22 | Mar. 6 |

*For rate indications see end of Share Information Service*

Stocks favoured for the call were Howard Shuttering, Bambers, Linfood, Phoenix Timber, Bellway, Cadbury Schweppes, Bernard Matthews, Premier Consolidated Oil, Allied Retailers, Ladbroke Warrants, Town and City Properties, Lennard Oil, Buffelsfontein, and Racal Electronics. A put was done in Tozer Kemsley, while a double was arranged in Mersey Docks Units.

## MONTHLY AVERAGES OF STOCK INDICES

| | Oct. | Sept. | Aug. | July |
|---|---|---|---|---|
| Financial Times | | | | |
| Government Secs. | 69.62 | 70.44 | 70.96 | 70.27 |
| Fixed Interest | 71.51 | 71.94 | 72.64 | 71.73 |
| Industrial Ord. | 497.5 | 515.9 | [illegible] | 472.2 |
| Gold Mines | 159.1 | 150.2 | [illegible] | 166.4 |
| Do. (Ex-$pm) | 116.5 | 126.0 | 125.6 | 110.2 |
| [illegible] | 4,616 | 5,271 | [illegible] | 4,615 |
| F.T. Actuaries | | | | |
| Indust. Grp. | 228.38 | 233.41 | 230.30 | 211.86 |
| 500-Share | 249.93 | 256.70 | 253.12 | 234.99 |
| Financial Grp. | 164.53 | 172.08 | 175.66 | 162.82 |
| All-Share (650) | 227.79 | 234.73 | 233.55 | 216.64 |
| Red. Debs | 57.10 | 57.69 | 57.61 | 56.92 |

| | High | Low |
|---|---|---|
| Industrial Ord. | 511.1 (4th) | 478.9 (31st) |
| All-Share | 232.97 (10th) | 219.40 (31st) |

## ACTIVE STOCKS

| Stock | Denomination | No. of marks | Closing price (p) | Change on day | 1978 high | 1978 low |
|---|---|---|---|---|---|---|
| ICI | £1 | 14 | 369 | − 9 | 421 | 328 |
| Marlborough Prop. | 5p | 12 | 20 | — | 20½ | 16 |
| Shell Transport | 25p | 11 | 563 | − 7 | 602 | 484 |
| BAT Inds. | 25p | 8 | 273 | − 5 | 346 | 267 |
| Beecham | 25p | 8 | 640 | −10 | 743 | 583 |
| BP | £1 | 8 | 868 | − 6 | 926 | 720 |
| Distillers | 50p | 8 | 190 | − 2 | 215 | 163 |
| GEC | 25p | 8 | 317 | − 3 | 340 | 233 |
| GKN | £1 | 8 | 267 | − 3 | 298 | 248 |
| Vickers | £1 | 8 | 192 | + 3 | 211 | 160 |
| Allied Breweries | 25p | 7 | 82 | − 1½ | 94 | 78 |
| Barclays Bank | £1 | 7 | 338 | — | 368 | 296 |
| Marks & Spencer | 25p | 7 | 83 | − 1 | 94 | 67½ |
| Royal Insurance | 25p | 7 | 337 | − 3 | 425 | 337 |
| Lloyds Bank | £1 | 6 | 234 | − 2 | 297 | 242 |

## NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

**NEW HIGHS (15)**

COMMONWEALTH & AFRICAN LOANS (1)
N.Z. 4pc 1976-78

BUILDINGS (1)
Baggeridge Brick

STORES (1)
Steinberg

ENGINEERING (2)
[illegible]

FOODS (2)
Avana; Pyke (W. J.)

INDUSTRIALS (3)
[illegible]

LEISURE (1)
Ulster TV A

NEWSPAPERS (1)
Routledge & Kegan Paul

PROPERTY (1)
Country & District

TRUSTS (1)
Lazard Stg. Res.

OILS (1)
[illegible]

MINES (1)
Saint Piran

**NEW LOWS (45)**

BRITISH FUNDS (1)
Treasury [illegible] 1979

CORPORATION LOANS (1)
[illegible]

AMERICANS (2)
[illegible]

CANADIANS (1)
Hudsons Bay Oil Gas

BEERS (1)
Guinness (A.)

BUILDINGS (3)
[illegible]

CHEMICALS (3)
[illegible]

FOODS (2)
Bassett (G.); Bishop's Stores A N/V

INDUSTRIALS (12)
Avon Rubber; E. C. Cases; Bath & Portland; Franklin Mint; Borg-Warner; Hestair; BB & EA; Howard Tenens; Cole (R. H.); Trans Union; Continental Group; 'W' Ribbons

INSURANCE (6)
Commercial Union; Legal & General; Heath (C. E.); Royal Insurance; Howden (A.); Willis Faber

MOTORS (2)
Dunlop; Gates (F. G.)

NEWSPAPERS (1)
Int. Thomson

SOUTH AFRICANS (1)
Unisec

TEXTILES (2)
Coats Patons; Tootal

TRUSTS (1)
Britannia Arrow

OILS (1)
[illegible]

MINES (1)
[illegible]

## YESTERDAY RISES AND FALLS

| | Up | Down | Same |
|---|---|---|---|
| British Funds | [illegible] | 5 | 66 |
| Corpns. Dom. and Foreign Bonds | [illegible] | [illegible] | 50 |
| Industrials | [illegible] | 568 | 806 |
| Financial and Prop. | [illegible] | [illegible] | 228 |
| Oils | [illegible] | 5 | 17 |
| Plantations | [illegible] | 2 | 24 |
| Mines | [illegible] | [illegible] | 43 |
| Recent Issues | [illegible] | [illegible] | 22 |
| Totals | [illegible] | 927 | 1,256 |

## RECENT ISSUES

### EQUITIES

| Issue Price p | Amount Paid Up | Latest Renunc. Date | 1978 High | 1978 Low | Stock | Closing Price p | + or − | Net Div. | Times Covered | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid Up | Latest Renunc. Date | 1978 High | 1978 Low | Stock | Closing Price £ | + or − |
|---|---|---|---|---|---|---|---|
| £105p | F.P. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| £99¾ | F.P. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 10p | — | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| ¶ | £10 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| £100 | nil | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| ** | F.P. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| £99 | F.P. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| E | nil | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| £100 | F.P. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| £99½ | F.P. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| ‡ | F.P. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| £97½ | £10 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| ** | F.P. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| £99⅛ | £50 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| ** | F.P. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| £97½ | £10 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### "RIGHTS" OFFERS

| Issue Price p | Amount Paid Up | Latest Renunc. Date | 1978 High | 1978 Low | Stock | Closing Price p | + or − |
|---|---|---|---|---|---|---|---|
| 50p | Nil | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 38 | F.P. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 44 | F.P. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 12 | F.P. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 13 | F.P. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 265 | F.P. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 100 | F.P. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 88 | Nil | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 60 | F.P. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 38 | F.P. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 42 | F.P. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 200 | F.P. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 155 | Nil | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 25 | F.P. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 12 | F.P. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Renunciation date usually last day for dealing free of stamp duty. [illegible] ■ Allotment letters (or fully-paid). ★ With warrants.

# FT-ACTUARIES SHARE INDICES

**These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries**

| | EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Tues., Oct. 31, 1978 Index No. | Day's Change % | Est. Earnings Yield % (Max.) | Gross Div. Yield % (ACT at 33%) | Est. P/E Ratio (Net) | Mon. Oct. 30 Index No. | Fri. Oct. 27 Index No. | Thurs. Oct. 26 Index No. | Wed. Oct. 25 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (171) | 233.46 | −1.1 | 16.69 | 5.38 | 8.22 | 235.98 | 235.46 | 236.23 | 239.27 | 209.51 |
| 2 | Building Materials (27) | 201.77 | −2.0 | 17.52 | 5.61 | 7.85 | 205.81 | 205.17 | 205.04 | 208.56 | 198.87 |
| 3 | Contracting, Construction (28) | 367.53 | −0.2 | 19.99 | 4.38 | 7.18 | 368.38 | 368.61 | 370.56 | 374.37 | 341.95 |
| 4 | Electricals (14) | 539.29 | −1.0 | 13.45 | 3.44 | 10.27 | 544.89 | 543.52 | 544.40 | 546.46 | 455.69 |
| 5 | Engineering Contractors (14) | 362.99 | −0.6 | 17.86 | 5.99 | 7.59 | 365.16 | 367.17 | 369.55 | 378.09 | 287.92 |
| 6 | Mechanical Engineering (72) | 183.29 | −1.0 | 18.24 | 5.97 | 7.35 | 185.20 | 184.71 | 185.67 | 189.27 | 160.30 |
| 8 | Metals and Metal Forming (16) | 165.88 | −0.8 | 16.10 | 8.62 | 8.60 | 167.23 | 166.36 | 167.22 | 168.82 | 159.06 |
| 11 | CONSUMER GOODS (DURABLE) (53) | 205.68 | −1.4 | 16.72 | 5.17 | 8.35 | 208.64 | 208.44 | 208.44 | 212.29 | 203.49 |
| 12 | Lt. Electronics, Radio, TV (16) | 249.85 | −1.7 | 14.73 | 4.10 | 9.52 | 254.10 | 253.18 | 253.07 | 258.45 | 242.75 |
| 13 | Household Goods (12) | 178.79 | −1.3 | 16.66 | 6.36 | 8.27 | 181.19 | 183.24 | 184.38 | 185.93 | 191.63 |
| 14 | Motors and Distributors (25) | 124.85 | −1.0 | 19.96 | 6.63 | 6.98 | 126.15 | 126.22 | 126.13 | 128.18 | 124.77 |
| 21 | CONSUMER GOODS (NON-DURABLE) (172) | 205.53 | −1.2 | 16.20 | 6.05 | 8.31 | 208.13 | 207.84 | 208.23 | 210.88 | 204.39 |
| 22 | Breweries (14) | 223.95 | −1.4 | 14.93 | 6.33 | 9.21 | 227.20 | 226.96 | 226.53 | 229.90 | 220.05 |
| 23 | Wines and Spirits (6) | 268.87 | −1.3 | 15.83 | 5.35 | 9.42 | 272.36 | 274.07 | 272.94 | 277.34 | 235.27 |
| 24 | Entertainment, Catering (17) | 257.75 | −1.6 | 14.20 | 6.83 | 10.27 | 261.95 | 261.91 | 262.17 | 264.67 | 257.18 |
| 25 | Food Manufacturing (19) | 201.58 | −1.3 | 19.17 | 5.41 | 6.91 | 204.19 | 204.45 | 204.28 | 206.19 | 204.63 |
| 26 | Food Retailing (15) | 219.71 | −1.7 | 13.72 | 4.69 | 10.14 | 223.41 | 223.03 | 223.18 | 225.83 | 234.66 |
| 32 | Newspapers, Publishing (12) | 385.13 | −0.2 | 20.52 | 6.28 | 6.89 | 386.09 | 387.08 | 390.10 | 394.80 | 331.97 |
| 33 | Packaging and Paper (15) | 135.63 | −1.4 | 18.99 | 7.90 | 6.94 | 137.48 | 137.92 | 139.52 | 141.14 | 136.18 |
| 34 | Stores (40) | 193.97 | −0.8 | 11.81 | 4.85 | 12.22 | 195.63 | 193.59 | 194.32 | 197.53 | 198.55 |
| 35 | Textiles (25) | 176.18 | −1.7 | 18.90 | 8.25 | 6.86 | 179.26 | 179.61 | 180.67 | 181.01 | 175.44 |
| 36 | Tobaccos (3) | 226.97 | −1.3 | 24.25 | 8.26 | 4.88 | 230.05 | 232.06 | 232.15 | 235.29 | 215.64 |
| 37 | Toys and Games (6) | 100.78 | −2.0 | 22.49 | 6.41 | 5.20 | 102.86 | 102.89 | 104.30 | 106.31 | 113.57 |
| 41 | OTHER GROUPS (99) | 197.81 | −1.3 | 15.84 | 6.14 | 8.13 | 200.51 | 201.07 | 201.87 | 205.08 | 195.93 |
| 42 | Chemicals (19) | 280.13 | −2.0 | 16.36 | 6.75 | 7.95 | 285.81 | 286.37 | 286.92 | 290.83 | 266.93 |
| 43 | Pharmaceutical Products (7) | 248.73 | −1.8 | 11.36 | 4.17 | 10.71 | 253.18 | 255.06 | 257.71 | 262.45 | 0.00 |
| 44 | Office Equipment (6) | 128.74 | −0.9 | 18.87 | 5.92 | 6.32 | 129.89 | 129.92 | 130.24 | 133.25 | 125.72 |
| 45 | Shipping (10) | 414.71 | — | 14.99 | 7.29 | 8.52 | 414.70 | 416.22 | 417.53 | 421.57 | 450.90 |
| 46 | Miscellaneous (57) | 213.98 | −0.8 | 17.60 | 6.56 | 7.56 | 215.66 | 215.91 | 216.45 | 220.08 | 206.33 |
| 49 | INDUSTRIAL GROUP (495) | 217.33 | −1.2 | 16.27 | 5.84 | 8.24 | 220.06 | 219.94 | 220.52 | 223.60 | 210.48 |
| 51 | Oils (5) | 494.52 | −1.0 | 14.13 | 4.07 | 7.68 | 499.37 | 497.33 | 496.61 | 501.79 | 495.95 |
| 59 | 500 SHARE INDEX | 240.47 | −1.2 | 15.95 | 5.57 | 8.15 | 243.39 | 243.13 | 243.62 | 246.89 | 234.10 |
| 61 | FINANCIAL GROUP (100) | 160.45 | −1.1 | — | 6.06 | — | 162.18 | 161.84 | 162.69 | 164.06 | 168.72 |
| 62 | Banks (6) | 184.83 | −0.4 | 25.26 | 6.34 | 5.94 | 185.67 | 185.39 | 187.06 | 187.33 | 179.72 |
| 63 | Discount Houses (10) | 205.66 | −0.9 | — | 8.55 | — | 207.49 | 208.67 | 209.87 | 210.36 | 219.70 |
| 64 | Hire Purchase (5) | 147.68 | −1.1 | 16.49 | 5.58 | 8.00 | 149.32 | 149.08 | 149.08 | 150.07 | 184.68 |
| 65 | Insurance (Life) (10) | 127.03 | −1.2 | — | 7.39 | — | 128.60 | 128.00 | 129.00 | 129.97 | 146.61 |
| 66 | Insurance (Composite) (7) | 117.46 | −1.2 | — | 7.46 | — | 118.85 | 118.67 | 118.92 | 120.11 | 143.03 |
| 67 | Insurance Brokers (10) | 310.60 | −2.8 | 15.27 | 5.33 | 9.36 | 319.52 | 321.27 | 325.53 | 329.64 | 301.77 |
| 68 | Merchant Banks (14) | 78.68 | −1.5 | — | 6.18 | -- | 79.90 | 79.25 | 79.91 | 81.47 | 86.84 |
| 69 | Property (31) | 253.67 | −1.1 | 3.43 | 2.90 | 49.73 | 256.41 | 254.91 | 254.75 | 258.16 | 232.25 |
| 70 | Miscellaneous (7) | 106.38 | −0.6 | 23.78 | 7.90 | 5.44 | 107.02 | 107.30 | 107.58 | 108.71 | 102.39 |
| 71 | Investment Trusts (50) | 204.07 | −1.4 | — | 5.13 | — | 207.07 | 209.91 | 212.01 | 215.94 | 199.42 |
| 81 | Mining Finance (4) | 105.14 | −2.1 | 17.88 | 6.77 | 6.89 | 107.39 | 107.49 | 106.83 | 107.58 | 94.03 |
| 91 | Overseas Traders (19) | 317.19 | −0.3 | 15.64 | 7.29 | 8.02 | 318.14 | 315.88 | 318.86 | 321.43 | 280.87 |
| 99 | ALL-SHARE INDEX (673) | 219.40 | −1.2 | — | 5.69 | — | 222.03 | 221.87 | 222.52 | 225.32 | 215.57 |

### FIXED INTEREST PRICE INDICES

| | British Government | Tues., Oct. 31 | Day's change % | xd adj. To-day | xd adj. 1978 to date |
|---|---|---|---|---|---|
| 1 | Under 5 years | 103.55 | +0.04 | — | 7.89 |
| 2 | 5-15 years | 114.29 | −0.02 | — | 7.61 |
| 3 | Over 15 years | 118.03 | — | — | 12.26 |
| 4 | Irredeemables | 122.30 | −0.25 | — | 13.32 |
| 5 | All stocks | 111.16 | +0.01 | — | 9.55 |

### FIXED INTEREST YIELDS

Br. Govt. Av. Gross Red.

| | | | Tues., Oct. 31 | Mon., Oct. 30 | Year ago (approx.) |
|---|---|---|---|---|---|
| 1 | Low Coupons | 5 years | 9.27 | 9.26 | 6.41 |
| 2 | | 15 years | 11.12 | 11.11 | 9.38 |
| 3 | | 25 years | 11.96 | 11.95 | 10.10 |
| 4 | Medium Coupons | 5 years | 12.30 | 12.30 | 9.16 |
| 5 | | 15 years | 12.36 | 12.36 | 10.18 |
| 6 | | 25 years | 12.36 | 12.36 | 10.38 |
| 7 | High Coupons | 5 years | 12.33 | 12.33 | 9.35 |
| 8 | | 15 years | 12.94 | 12.93 | 11.03 |
| 9 | | 25 years | 13.05 | 13.04 | 11.10 |
| 10 | Irredeemables | | 11.86 | 11.83 | 10.11 |

| | | Tues. Oct. 31 Index No. | Tues. Oct. 31 Yield % | Mon. Oct. 30 | Friday Oct. 27 | Thurs. Oct. 26 | Wed. Oct. 25 | Tues. Oct. 24 | Mon. Oct. 23 | Friday Oct. 20 | Year ago (approx.) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 15 | 20-yr. Red. Deb & Loans (15) | 56.18 | ‡13.21 | 57.12 | 56.69 | 56.68 | 56.68 | 56.69 | 56.69 | 56.65 | 62.51 |
| 16 | Investment Trust Prefs. (15) | 51.63 | 13.50 | 51.59 | 51.27 | 51.32 | 51.32 | 51.37 | 51.46 | 51.37 | 56.72 |
| 17 | Coml. and Indl. Prefs. (20) | 71.80 | 13.04 | 72.00 | 72.04 | 72.09 | 72.09 | 72.12 | 72.12 | 71.96 | 78.46 |

‡ Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

مطابق للأصل

# AUTHORISED UNIT TRUSTS

Framlington Unit Mgt. Ltd. (a)
5-7 Ireland Yard, EC4B 5DH. 01-248 6971

| | | | | |
|---|---|---|---|---|
| American | 39.6 | 43.0 | ..... | 1.57 |
| Capital Tst. | 136.2 | 143.8 | ..... | 3.37 |
| Income Tst. | 113.2 | 120.4 | ..... | 6.42 |
| Int. Growth Fd. | 112.8 | 120.4 | ..... | 2.32 |
| Do. Accum. | 117.4 | 124.8 | ..... | 2.32 |

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

| | | | | |
|---|---|---|---|---|
| Friends Prov. Uts. | 42.9 | 45.8 | -1.3 | 4.76 |
| Do. Accum. | 56.5 | 60.4 | -0.4 | 4.76 |

G.T. Unit Managers Ltd.♥

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4. 01-623 1050

| | | | | |
|---|---|---|---|---|
| Minster Oct. 30 | 38.7 | 40.7 | ... | 5.46 |
| Exempt Oct. 31 | 100.0 | 104.0 | -0.5 | 5.38 |

MLA Unit Trust Mgemnt. Ltd.
Old Queen Street, SW1H 9JG. 01-930 7333

| | | | | |
|---|---|---|---|---|
| MLA Units | 44.8 | 47.0 | -1.0 | 3.85 |

Murray Johnstone U.T. Mgmt.♥ (a)
163 Hope Street, Glasgow, G2 2UH. 041-221 5521

| | | | | |
|---|---|---|---|---|
| MJ European | 80.8 | 86.0 | ... | 2.80 |

Dealing Day Friday

Mutual Unit Trust Managers♥ (a)(g)

Provincial Life Inv. Co. Ltd.♥
222, Bishopsgate, E.C.2. 01-247 6533

| | | | | |
|---|---|---|---|---|
| Prolific Units | 82.5 | 88.4 | -0.2 | 3.47 |
| High Income | 118.8 | 127.3 | -1.1 | 7.57 |

Prudl. Portfolio Mngrs. Ltd.♥ (a)(b)(c)
Holborn Bars, EC1N 2NH 01-405 9222

| | | | | |
|---|---|---|---|---|
| Prudential | 126.0 | 134.0 | -1.0 | 4.76 |

Quilter Management Co. Ltd.♥
The Stk. Exchange, EC2N 1HP 01-600 4177

| | | | | |
|---|---|---|---|---|
| Quadrant Gen. Fd. | 108.7 | 113.3 | ..... | 5.00 |
| Quadrant Income | 135.4 | 139.6 | ..... | 7.56 |

CORAL INDEX: Close 474-479

## INSURANCE BASE RATES

| | |
|---|---|
| †Property Growth | 10¼% |
| †Vanbrugh Guaranteed | 10.37% |

†Address shown under Insurance and Property Bond Table.

# INSURANCE AND PROPERTY BONDS

# OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37 rue Notre-Dame, Luxembourg.

| | | | |
|---|---|---|---|
| Alexander Fund | $US6.85 | ... | — |

Net asset value October 25.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1, Charing Cross, St. Helier, Jsy., C.I. 0534-73741

| | | | |
|---|---|---|---|
| AHR Gilt Edg. Fd. | £10.11 | 10.12 | 11.93 |

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey 0534 72177

| | | | |
|---|---|---|---|
| Cap. Tst. (Jersey) | 117.0 | 121.0 | 4.03 |

Next dealing date November 7.

| | | | |
|---|---|---|---|
| Gov't Secs. Tst. | 100 | 102 | 12.00 |

Next dealing date November 6.

| | | | |
|---|---|---|---|
| East & Intl. Tst. (C.I.) | 111 | 118 | 3.18 |

Next dealing date November 9.

Australian Selection Fund NV
Market Opportunities, c/o Irish Young & Outhwaite, 127, Kent St., Sydney

| | | | |
|---|---|---|---|
| US$1 Shares | $US1.59 | | — |

Next asset value October 27.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

| | | | |
|---|---|---|---|
| Wldinvest Income | $US117.06 | 117.66 | 7.22 |

Prices at Oct. 26. Next sub. date Nov. 1.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels

| | | | | |
|---|---|---|---|---|
| Renta Fund LF | 1,862 | 1,920 | -31 | 8.04 |

Barclays Unicorn Int. (Ch. Is.) Ltd.
1, Charing Cross, St. Helier, Jsy. 0534 73741

| | | | | |
|---|---|---|---|---|
| Overseas Income | 46.9 | 49.3 | .. | 12.00 |
| Unidollar Trust | $US11.13 | 11.80 | ... | 1.80 |
| Unibond Trust | $US100.38 | 101.16 | -1.08 | 8.50 |

Barclays Unicorn Int. (I. O. Man) Ltd.
1 Thomas St., Douglas, I.o.M. 0624 4856

| | | | | |
|---|---|---|---|---|
| Unicorn Aust. Ext. | 52.1 | 56.1 | ... | 1.60 |
| Do. Aust. Min. | 31.3 | 33.7 | -2.0 | 1.80 |
| Do. Grtr. Pacific | 70.4 | 75.7 | | — |
| Do. Intl. Income | 40.1 | 43.2 | .. | 8.20 |
| Do. I. of Man Tst. | 45.6 | 49.1 | | 9.00 |
| Do. Manx Mutual | 27.0 | 29.1 | | 1.40 |

Bishopsgate Commodity Ser. Ltd.
P.O. Box 42, Douglas, I.o.M. 0624-23911

Keyser Ullman Limited
25, Milk Street, EC2V 8JE. 01-606 7070

| | | | | |
|---|---|---|---|---|
| Fonselex | | | ... | — |
| Bondselex | Fr 117.55 | 123.50 | | — |
| Cent. Assets Cap. | £137.43 | 137.47 | | — |
| Keyselex Japan | — | — | | — |

King & Shaxson Mgrs.
1 Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Gnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856

| | | | | |
|---|---|---|---|---|
| Gilt Fund (Jersey) | 8.87 | 8.99 | -0.01 | 12.25 |
| Gilt Trust (I.o.M.) | 103.9 | 106.6 | | 12.25 |
| Gilt Fnd. Guernsey | 9.23 | 9.24 | .... | 12.25 |
| Intl. Govt. Secs. Tst. | | | | |
| First Sterling | £17.88 | 18.00 | -0.32 | — |
| First Intl. | $US19.83 | 19.52 | -0.25 | — |

Kleinwort Benson Limited
20, Fenchurch St., EC3 01-623 8000

| | | | | |
|---|---|---|---|---|
| Eurinvest. Lux. F | 1,132 | | .. | 3.09 |
| Guernsey Inc. | 65.7 | 69.9 | | 4.35 |
| Do. Accum. | 82.4 | 87.6 | | 4.35 |
| KB Far East Fd. | $US13.84 | | | 1.45 |
| KB Intl. Fund | $US12.46 | | | 2.90 |
| KB Japan Fund | $US43.31 | | +0.3 | 0.58 |
| K.B. U.S. Gwth. Fd. | $US13.04 | | | 0.69 |
| Signet Bermuda | $US4.90 | | | 1.86 |
| Intermtl. Bd. Fd. | ... | | | |

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561

| | | | |
|---|---|---|---|
| Lloyds Tst. O'seas | 60.8 | 64.0 | 1.21 |

Next dealing date November 15.

Lloyds Bank Intl. Geneva.
P.O. Box 438 1211 Geneva 11 (Switzerland)

| | | | |
|---|---|---|---|
| Lloyds Int. Growth | SF290.50 | 310.50 | 1.80 |
| Lloyds Int. Inc. | SF298.50 | 310.0 | 6.50 |

Management International Ltd.
Bank of Bermuda Building, Bermuda

| | | | |
|---|---|---|---|
| Canterbury Oct. 20 | $US1.06 | ... | — |

M & G Group
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588

| | | | | |
|---|---|---|---|---|
| Atlantic Oct. 24 | $US3.02 | 3.30 | | — |
| Aust. Ex. Oct. 25 | $US2.40 | 2.74 | .. | |
| Gold Ex. Acc. Oct. 25 | $US10.51 | 11.76 | | |
| Island | 130.8 | 140.7 | -0.7 | 13.63 |

| | | | |
|---|---|---|---|
| Jardine Estn. Tst. | HK$353.70 | .. | 2.00 |
| Jardine J'pn. Fd.* | HK$418.33 | ...... | 0.80 |
| Jardine S.E.A. | $US19.98 | .. | 1.70 |
| Jardine Flem. Int. | HK$12.48 | .. | — |
| Intl. Pac. Secs. (Inc.) | HK$15.09 | . | — |
| Do. (Accum.) | HK$15.24 | | — |

NAV Oct. 14. *Equivalent $US88.44. Next sub. Oct. 31.

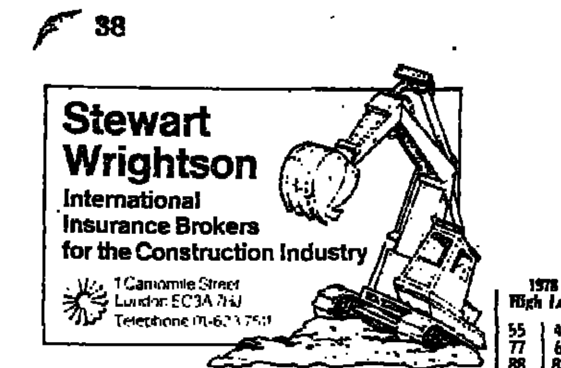
| | | | |
|---|---|---|---|
| Metals Tst. Oct. 19 | £12.90 | 13.22 | — |
| TMT Oct. 13 | $US11.39 | 11.64 | — |
| TMT Ltd. Oct. 13 | £11.11 | 11.40 | — |

World Wide Growth Management‡
10a, Boulevard Royal, Luxembourg

| | | |
|---|---|---|
| Worldwide Gth. Fd. | $US16.39 | +0.13 |

## NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ‡ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.



# FT SHARE INFORMATION SERVICE

## BRITISH FUNDS

### "Shorts" (Lives up to Five Years)

| 1978 High | Low | Stock | £ | + or — | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 105⅛ | 100⅝ | Treasury 11½pc '79‡ | 100⅝ | —⅛ | 11 46 | 10 53 |
| 97 | 94¾ | Treasury 3pc '79‡ | 95¾ | .... | 3 13 | 8 10 |

### Five to Fifteen Years

### Over Fifteen Years

### Undated

## INTERNATIONAL BANK

## CORPORATION LOANS

## COMMONWEALTH & AFRICAN LOANS

## LOANS

### Public Board and Ind.

### Financial

| 1978 High | Low | Stock | Price £ | + or — | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 71½ | 61 | Do. 7¾pc A Db '91-94 | 62½ | .... | 11.79 | 12.90 |
| 84½ | 72½ | Do 9pc 'A' '91-94 | 72½ | .... | 12.62 | 13.40 |
| 81¼ | 68 | Do 8⅞pc Ln '92-97 | 70 | +½ | 13 13 | 13.60 |

## FOREIGN BONDS & RAILS

| 1978 High | Low | Stock | Price £ | + or — | Div. % Gross | Red. Yield |
|---|---|---|---|---|---|---|
| 24 | 17 | Antofagasta Rly | 23 | ...... | — | — |
| 41 | 33 | Do 5pc Pref | 41 | ...... | — | — |
| 98 | 98 | Chilean Mixed | 98 | ...... | — | 13.09 |
| 415 | 350 | German Yng 4½pc | 411 | ...... | 4½ | — |
| 54 | 46 | Greek 7pc Ass | 50 | ...... | 3½ | 17 25 |
| 51 | 46 | Do 6pc 28 Stab Ass | 49 | ...... | 6 | 16.22 |
| 44 | 40 | Do 4pc Mixed Ass | 40 | ...... | 4 | 15 08 |

## BONDS & RAILS—Cont.

| 1978 High | Low | Stock | Price £ | + or — | Div. % Gross | Red. Yield |
|---|---|---|---|---|---|---|
| 55 | 42 | Hung. '24 Ass. | 50 | .... | 4½ | 5 63 |
| 77 | 65 | Iceland 6½pc '83-88 | 68 | ...... | .. | 12 55 |
| 88 | 82¼ | Ireland 7½pc '81-83 | 84 | ...... | 7½ | 12 79 |
| 91 | 78 | Do 9¾pc '91-96 | 78 | ...... | — | 13 21 |
| 425 | 265 | Japan 4pc '10 Ass | 385 | ...... | — | — |
| 87 | 68½ | Do 6pc '83-88 | 70 | ...... | 6 | 11 25 |
| 160 | 140 | Peru Ass.3pc | 150xc | ...... | 3 | 2.00 |
| 75p | 75p | S.G.I. 6½pc 1980 | 75p | .... | 6½ | 8 67 |
| $99 | $94½ | Turin 9pc 1991 | $94½ | .... | 9 | 9.52 |
| DM91 | DM81 | Turin 6½pc 1984 | DM91xd | ...... | 6½ | 9.10 |
| 97 | 94 | Uruguay 3½pc | 97 | .... | 3½ | 3.60 |

U.S. $ & DM prices exclude inv. $ premium

## AMERICANS

S.E. List Premium 36¼% (based on US$2.0684 per £)
Conversion factor 0.7328 (0.7428)

## CANADIANS

S.E. List Premium 36¼% (based on $2.4298 per £)

## BANKS AND HIRE PURCHASE

| 1978 High | Low | Stock | Price | + or — | Div Net | Cvr | Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 196 | 157 | Gerrard Natal | 180xd | ...... | g9.12 | — | 7.6 | — |
| 59 | 37 | Gibbs (A.) | 48 | ..... | 2.23 | — | 6.9 | — |
| 255 | 195 | Gillett Bros £1 | 218 | —2 | 15.41 | — | 10.6 | — |
| 29 | 19 | Goode D't Mry 5p | 20 | ...... | 0.13 | — | 0.9 | — |
| 142 | 96 | Grindlays | 128 | —2 | 2.79 | 7.1 | 3.3 | 4.5 |
| 130 | 93 | Guinness Peat | 110xc | —2 | h5.15 | — | 7.0 | — |
| 217 | 155 | Hambros | 174 | —6 | 9.76 | — | 8.4 | — |
| 100 | 81 | Hill Samuel | 86 | —2 | 4.97 | — | 8.6 | — |
| 600 | 225 | Do. Warrants | 225 | ...... | — | — | — | — |
| 360 | 203 | Hong Shng $2.50 | 287 | +1 | hQ59c | — | 2.4 | — |
| 69 | 52 | Jessel Toynbee | 59xd | —1 | †h3.32 | — | 8.4 | — |
| 215 | 160 | Joseph (Leo) £1 | 180 | ...... | 8.74 | — | 7.2 | — |
| 55 | 37 | Keyser Ullmann | 51 | —1 | 0.67 | — | 2.0 | — |
| 74 | 56 | King & Shax 20p | 60 | —2 | 3.44 | — | 8.6 | — |
| 114 | 90 | Kleinwort B.L. | 92 | —2 | †4.18 | — | 6.8 | — |
| 297 | 242 | Lloyds £1 | 254 | —2 | †9.23 | 4.8 | 5.4 | 5.7 |

## BANKS & HP—Continued

### Hire Purchase, etc.

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### Sri Lanka

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### EASTERN RAND

### FAR WEST RAND

### O.F.S.

### FINANCE

### DIAMOND AND PLATINUM

### CENTRAL AFRICAN

## MINES—Continued

### AUSTRALIAN

| 1978 High | Low | Stock | Price | + or − | Div. Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 15 | 10 | Acmex 25c | 10 | ...... | — | — | — |
| 140 | 64 | Bougainville 50 Toea | 119 | +2 | †Q8c | 1.4 | 4.2 |
| 131 | 63 | BH South 50c | 115 | −1 | — | — | — |
| 820 | 150 | Central Pacific | 350 | −25 | — | — | — |
| 336 | 148 | Conzinc Riotinto 50c | 250 | +10 | ‡Q10c | 2.2 | ‡ |
| 27 | 9½ | Endeavour 20c | 19 | ...... | — | — | — |
| 72 | 45 | G.M. Kalgoorlie $1 | 72 | ...... | — | — | — |
| 68 | 18 | Haoma Gold N.L. | 30 | ...... | — | — | — |
| 140 | 81 | Hampton Areas 5p | 118 | ...... | t3.55 | 2.0 | 4.5 |
| 40 | 10 | Metals Ex. 50c | 26 | +1 | — | — | — |
| 223 | 125 | M.I.M. Hldgs. 50c | 181 | +4 | Q9c | 1.7 | 3.1 |
| 22 | 10 | Minefields Expl. | 15 | ...... | — | — | — |
| 40 | 10 | Mount Lyell 25c | 30 | ...... | — | — | — |
| 7 | 1½ | Newmetal 10c | 5¼ | ...... | — | — | — |
| 143 | 79 | North B. Hill 50c | 102 | +1 | Q8c | 1.3 | 4.9 |
| 26½ | 8½ | Nth. Kalgurli | 14 | +½ | — | — | — |
| 50 | 12 | Nth. West Mining | 23 | ...... | — | — | — |
| 178 | 117 | Oakbridge $A1 | 120 | −2 | Q12c | 1.9 | 11.9 |
| 42 | 10 | [illegible] N.L. | 22 | ...... | — | — | — |
| 70 | 30 | Pacific Copper | 58 | ...... | — | — | — |
| £15½ | 750 | Pancont [illegible] | 650 | +25 | — | — | — |
| 40 | 12 | Paringa M.&Ex. 5p | 24 | ...... | — | — | — |
| 379 | 310 | [illegible] | 435 | +4 | Q15c | φ | 2.1 |
| 200 | 50 | Southern Pacific | 150 | −5 | — | — | — |
| 164 | 84 | [illegible] 50c | 125 | +2 | Q3c | 0.7 | ‡ |
| 70 | 35 | [illegible] 20c | 50 | −5 | — | — | — |

### TINS

| 1978 High | Low | Stock | Price | + or − | Div. Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 30 | 23 | Amal. Nigeria | 24 | ...... | 2.81 | 1.3 | 17.4 |
| 420 | 240 | Ayer Hitam $M1 | 365 | +5 | Q300c | 0.5 | 17.7 |
| 60 | 45 | Beralt Tin | 54 | ...... | 14.0 | 4.4 | 11.6 |
| 305 | 200 | Berjuntai $M1 | 255 | +5 | Q120c | φ | 9.3 |
| 180 | 111 | Geevor | 130 | +5 | 5.04 | 5.8 | 4.2 |
| 11 | 8½ | Gold & Base 12½p | 11 | ...... | — | — | — |
| 350 | 220 | Gopeng Cons. | 340xd | ...... | †15.36 | 0.9 | 6.7 |
| 310 | 130 | Hongkong | 500 | ...... | — | — | — |
| 93 | 78 | Idris 10p | 90 | ...... | ‡12.0 | 1.6 | ‡ |
| 11 | 7 | Jantar 12½p | 9½ | ...... | — | — | — |
| 84 | 68 | Kamunting $M0.50 | 74 | +1 | Q12½c | 2.1 | 3.6 |

## COPPER

## MISCELLANEOUS

## GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-U.K. residents.

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Sterling denominated securities which include investment dollar premium
- "Tap" Stock
- Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- Interim since increased or resumed
- Interim since reduced, passed or deferred
- Tax-free to non-residents on application
- Figures or report awaited.
- Unlisted security
- Price at time of suspension
- Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- Merger bid or reorganisation in progress
- Not comparable
- Same interim, reduced final and/or reduced earnings indicated
- Forecast dividend, cover on earnings updated by latest interim statement
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- Excluding a final dividend declaration.
- Regional price.
- No par value

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. [illegible]

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## REGIONAL MARKETS

### IRISH

## OPTIONS

### 3-month Call Rates

| Industrials | | | | | |
|---|---|---|---|---|---|
| A. Brew | 6½ | I.C.I. | 20 | Tube Invest. | 30 |
| A.P. Cement | 18 | "Imps" | 6 | Unilever | 35 |
| B.S.R. | 9 | I.C.L. | 20 | Utd. Drapery | 7½ |
| Babcock | 11 | Inveresk | 8 | Vickers | 15 |
| Barclays Bank | 25 | KCA | 3 | Woolworths | 5 |
| Beecham | 35 | Ladbroke | 17 | **Property** | |
| Boots Drug | 15 | Legal & Gen. | 14 | Brit. Land | 3¼ |
| Bowaters | 16 | Lex Service | 7 | Cap. Counties | 4½ |
| B.A.T. | 24 | Lloyds Bank | 22 | E.P. | 5 |
| British Oxygen | 6 | "Lofs" | 4 | Intereuropean | 4 |
| Brown (J.) | 20 | London Brick | 5 | Land Secs. | 16 |
| Burton 'A' | 12 | Lonrho | 5 | MEPC | 12 |
| Cadburys | 5 | Lucas Inds. | 25 | Peachey | 8 |
| Courtaulds | 10 | Lyons (J.) | 10 | Samuel Props. | 9 |
| Debenhams | 8 | "Mams" | 7 | Town & City | 1¼ |
| Distillers | 15 | Mrks. & Spncr. | 10 | **Oils** | |
| Dunlop | 7 | Midland Bank | 25 | Brit. Petroleum | 45 |
| Eagle Star | 11 | N.E.I. | 12 | Burmah Oil | 5 |
| E.M.I. | 14 | Nat. West Bank | 22 | Charterhall | 3 |
| Gen. Accident | 17 | Do. Warrants | 10 | Shell | 28 |
| Gen. Electric | 13 | P & O Dfd. | 8 | Ultramar | 20 |
| Glaxo | 40 | Plessey | 6 | **Mines** | |
| Grand Met. | 6 | R.H.M. | 5 | Charter Cons. | 12 |
| G.U.S. 'A' | 20 | Rank Org. 'A' | 13 | Cons. Gold | 14 |
| Guardian | 16 | Reed Intnl. | 12 | Rio T. Zinc | 16 |
| G.K.N. | 22 | Spillers | 3 | | |
| Hawker Sidd. | 20 | Tesco | 4 | | |
| House of Fraser | 12 | Thorn | 22 | | |
| | | Trust Houses | 25 | | |

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Wednesday November 1 1978

# CBI reports gradual recovery

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A HALTING recovery from the economic recession of the past four years was forecast for Britain's manufacturing industry yesterday by the Confederation of British Industry.

For the first time since the consumer boom started to affect activity in manufacturing companies earlier this year, the CBI put an optimistic interpretation on its quarterly trends survey published yesterday.

"There is a gradual but noticeable move away from recession," said Sir Ray Pennock, a deputy chairman of ICI and the chairman of the confederation's economic situation committee.

Small businesses, plus larger companies closely linked with consumer products such as electrical goods and paper and publishing, produced the most optimistic reports for the survey about increased activity.

But 60 per cent of manufacturing industry is still working below capacity and the CBI's optimism was heavily qualified by worries about rising labour costs, worsening price competitiveness at home and abroad, weak order books, and growing shortages of skilled labour.

As a result, the confederation's economic situation report, which accompanied yesterday's survey, said that although manufacturing industry was now moving away from the sort of level of capacity utilisation associated with recession, one could "not say that better days have arrived for all firms."

"For many manufacturers demand remains very weak and for manufacturing as a whole the improvement to date in new orders and in output is well short of spectacular.

"However, companies in general are becoming busier and this very welcome movement is associated with investment intentions which are still strong," said the report.

It added that in one respect its forecasts were "explicitly discouraging and worrying." This was because there was little prospect of the profitability of companies improving "at anything like a satisfactory rate from the present very depressed level."

The main underlying worry among the CBI's leading industrialists was that their companies' already poor competitiveness would be worsened by the impact of high wage settlements on labour costs.

They will repeat this concern when they see Mr. Denis Healey, the Chancellor of the Exchequer, tomorrow for further talks on the Government's pay policy.

Yesterday they stressed that they were more concerned at present about labour costs and productivity than about the level of the pound.

"It is our labour costs and not the value of the pound that we must get right first," said Sir John Methven, the CBI's director-general.

Confidence improves, Page 10

## THE LEX COLUMN

# Reviewing OPEC's credit rating

Since OPEC's transition at the end of last year from being a net depositor to a net borrower of funds from the international banking system the allure of this group of countries for the banks has diminished noticeably. Yesterday's suspension of Iran's oil shipments can only make international bankers more uneasy and selective.

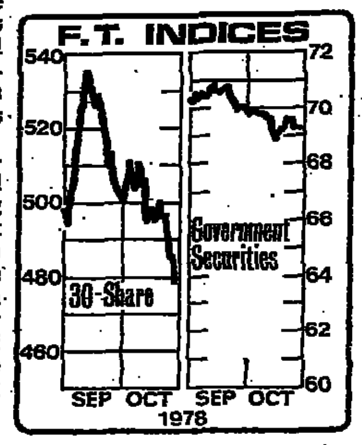
The Iranian government recently intimated that it wanted to refinance a $500m borrowing which it had negotiated about two years ago. The spread on this loan was 1¼ per cent above interbank rates. The Tehran Government apparently felt that it could take advantage of market conditions and refinance this loan at a spread of around ⅞ of a per cent.

Since the outbreak of political unrest in Iran very little fresh has been heard of this scheme. In view of the strength of Iran's assets—its reserves must still be $10bn or more—it becomes even more unlikely that Iran would now want to test its credit rating in the wake of this latest development.

The most recent attempt to arrange an Iranian loan was not a success. The partly state-owned Agricultural Development Bank of Iran wanted to raise $80m in the Euromarket at an initial spread of ⅝ per cent rising later to ¾ for a total life of 10 years. These terms were in line with those achieved on two other recent Iranian state loans, but the ADB loan was withdrawn.

Meanwhile the stock market was taking a relaxed view of the Iranian crisis. BP is by far the most heavily exposed company, taking about 40 per cent of its supplies from Iran in 1977, but the share price did no more than drift down with the rest of the market yesterday. The view, presumably, is that the oil taps will soon be turned on again, and anyway selling Iranian crude is not the way BP makes most of its money.

### Index fell 5.5 to 478.9



### Reed International

Reed International continues to claw its way back to financial equilibrium. Profits in the second quarter are down from £18.9m to £18.6m pre-tax—but that is after charging a £5.2m provision against the cost of getting out of South Africa. Allowing for this and the impact of disposals, the continuing operations—which are largely UK based—are making steady progress. Packaging and paints are doing very well; margins are still good in publishing; and wallpaper is one of the few dull spots.

Overseas, the news is that the Canadian company has moved back into profits during the third quarter of its financial year, and negotiations for its sale are proceeding on schedule. Serious talks with a number of would-be purchasers should get under way during the next couple of months, and Reed need be in no great hurry given that the business is improving and so is the ability of likely buyers to pay for it, thanks to an upturn in the lumber industry.

On the basis of the disposals so far this year, Reed's debt falls from 211 per cent of tangible net worth to around 130 per cent, and on current trading that figure seems set to fall usefully under 100 per cent even if the Canadian interests are sold well below book value. Meanwhile underlying earnings in the first half—adjusting for the provision, Canadian losses, and the disposals, could be in excess of 15p per share compared with an annual dividend rate of 8p.

The terms of any Canadian sale are bound to have a big short term impact on the shares at 161p. Longer term, the main constraint is the probability that at some stage or another shareholders are going to have to stump up some fresh equity.

### J. Hepworth

J. Hepworth has finished the year on a strong note. At the halfway stage pre-tax profits were up by a third and in the second half they jumped by nearly two-thirds which helped push the full year total up from £3.6m to £5.2m. However, a sharp jump in the tax charge—due to the reduction in stock relief—led to virtually unchanged after-tax profits and the shares slipped 4p to 66p last night, where they sell on an earnings multiple of 10.4 and a yield of 5.7.

Clearly, the combination of buoyant consumer spending and a revival of demand in its traditional menswear business has shown through strongly in both profit and volume terms. Of the 23 per cent increase in turnover Hepworth reckons that no more than 6 per cent reflects inflation. Meanwhile, the improved cash flow has reduced borrowings by £4m or so.

Hepworth is seeing further healthy volume increase in the current year which means that its profits should show a useful increase. However, there is a limit to the amount of diversification into new products that it can handle through its existing menswear shops and if it is to continue to grow in the longer term it will have to tap new markets.

### Jacques Borel

Jacques Borel International is honest about why it needs a rights issue—without one shareholders' funds could be "approximately zero" at the end of 1978. Consolidated net losses were FFr 58m for the first half of 1978, but the group is now looking forward to a positive cash flow for 1979. On this slender basis Borel is proposing a 2-for-3 rights issue at par of FFr 100, raising some FFr 96m (as much as 44 per cent of the pre-rights market capitalisation). The move demonstrates once again the transformation of the French equity market, which since August has been asked for over FFr 2bn in rights cash. This is, perhaps, not a large sum compared with what can be produced by the UK equity market in a healthy phase. But then, the UK market would give short shrift to a rights issue from a company—like Borel—making losses and missing from the dividend list.

Continued from Page 1

# Iran oil

ing mob of some 2,000 tribesmen and villagers in an unprovoked attack on his own constituents. This afternoon's Persian-language newspaper Eettelaat reports that 18 people died.

In what appears to have been a similar incident a little further south, in the town of Pol-e-Zohab, a full-blooded clash between rival demonstrators is reported to have left 25 dead.

**Patrick Cockburn adds:** The consortium of Western oil companies, legally known as the Iran Oil Participants, produces 90 per cent of Iranian oil and has been taking an average of 3.15m barrels a day, out of total Iranian production of 5.64m barrels a day, in the first six months of the year.

IOP is 40 per cent owned by BP, 14 per cent Royal Dutch Shell, 6 per cent Compagnie Francaise des Petroles (CFP) while Exxon, Gulf, Mobil, Standard Oil of California and Texaco have 7 per cent each.

The remaining share is owned by the Iricon Agency, consisting of Atlantic Richfield, American Independent Oil Company, Getty Oils Charter, Continental and Stanard Oil of Ohio.

IOP members' liftings of Iranian crude is approximately according to each company's shareholding in the group.

Yesterday's total production was down to below 1.5m barrels. On Monday production had already dropped to 2m barrels, said the consortium.

Major consumers of Iranian crude include the U.S., which imports 5 per cent of its total needs, 900,000 barrels a day, from Iran.

The U.S. Department of Energy says that the partial shutdown would have no immediate impact on supply.

● President Carter reiterated strong U.S. support for the Shah of Iran and expressed the hope that the demonstration and strikes that have now shut down the country's oil fields would soon end.

● Tanker rates for very large crude carriers in the Gulf fell by five points to Worldscale 40 yesterday because of the uncertainty over the position of Iranian supplies. The market was described as "very nervous."

# Dollar's fall forces BL subsidiary to cut 450 jobs and investment

BY KENNETH GOODING

THE FALL of the dollar has led to the loss of 450 jobs at the construction equipment division of SP Industries, the BL subsidiary. The division employs 3,900 people.

The company's investment programme has also been cut by half to £5m.

"All expansion plans are at a stop. Only projects to improve efficiency are being continued," Mr. David Abell, SP managing director, said last night.

"The construction equipment business world wide is dominated by the North American companies and is a dollar business. Every five-cent drop in the value of the dollar costs our construction equipment division £1m in lost profit or increased losses.

"All our expansion plans were based on the assumption that they would take place against a weakening pound, not a weakening dollar."

Mr. Abell stressed that the dollar's problems were not having anything like the same impact on SP's other operations, including the Prestcold commercial refrigeration concern, the Coventry Climax forklift trucks group and Alvis, the military vehicle maker.

SP is calling for 450 voluntary redundancies among employees at Aveling Barford at Grantham and its sister company Aveling Barford International in the same town. Barfords of Belton, near Grantham, Aveling Marshall at Gainsborough, and another Aveling Barford factory at Newburn, near Newcastle.

The Goodwin Barsby plant, where 400 are employed, is not affected. Those working on research and development or direct workers at the Grantham plant are also excluded.

There has already been a significant cut in the workforce at Grantham through natural wastage.

Sales of construction equipment by SP so far this year have risen 10 per cent in unit terms "but in some cases we are selling at lower prices than last year," said Mr. Abell.

In the first half of 1978 Aveling Barford Holdings, as the division is known, suffered a £200,000 loss compared with a £2.9m profit before interest and tax in the same period of 1977. Turnover was roughly unchanged at £27.3m.

# U.S. unions want pay-price law

BY JOHN WYLES

NEW YORK, Oct. 31.

LEADERS of the labour movement in the United States proved unwilling today either to fight President Carter's wage and price guidelines or to co-operate with them. They called instead for a wide ranging programme of mandatory pay and price laws.

The 35-man executive council of the American Federation of Labour-Congress of Industrial Organisations, held a special meeting.

Afterwards, Mr. George Meany, the organisation's 84-year-old president announced that leaders of 13.5m workers had decided that they would prefer to turn the clock back seven years rather than accept President Carter's approach.

Mr. Meany said that the compulsory pay and price programme launched by President Nixon in August 1971 dealt more fairly with wage and fringe benefit adjustments than seemed possible under the President's guidelines announced last week.

"We do not like controls and we do not welcome government operation of the market place, but a recession is worse, and runaway inflation is worse."

He stressed the urgency of the issue, and said that the AFL-CIO would urge President Carter to call a special session of Congress to enact the pay and price laws.

But the controls proposed by the AFL-CIO are considerably broader than those implemented by President Nixon or any other peacetime administration. They are aimed at controlling every source of income including profits, dividends, rents, interest rates, executive compensation and professional fees.

The President has set his face against any such legislation and has also appealed to labour to back his programme. Today's developments can therefore only further strain Mr. Carter's relations with the AFL-CIO.

Mr. Meany said that the guidelines limiting wage and benefits increases over the next 12 months to 7 per cent were "arbitrary, inequitable and unfair." He also claimed that a White House official had told the AFL-CIO that the 7 per cent figure had been "pulled out of the air."

The AFL-CIO executive said that the President's programme would not prove to be voluntary and would be "eagerly enforced by every public and private employer in the land." The real wage insurance proposal was vague, and the legislative route needed to make it a fact so unpredictable that union members could not be advised about their protection.

# Maudling leads Tory revolt on sanctions

BY RICHARD EVANS, LOBBY EDITOR

MR REGINALD MAUDLING, former Conservative deputy leader, has decided to lead the growing backbench Tory revolt against the renewal of Rhodesian sanctions for a further year.

The Shadow Cabinet decided last night, at a meeting called to discuss tactics for the Queen's Speech, that the official line on sanctions will be to abstain. There is certain to be a substantial backbench vote for abolition, however.

Anti-sanctions feeling among Conservative MPs has grown considerably recently, because of the Government's decision to supply Zambia with arms. The intervention of Mr. Maudling, who is still a figure of some influence, will add to the difficulties of the leadership.

Mr. Maudling, a former Chancellor of the Exchequer, Home Secretary and Colonial Secretary, was dismissed as Shadow Foreign Secretary by Mrs. Thatcher nearly two years ago.

Mr. Francis Pym, now Shadow Foreign Secretary in the absence through illness of Mr. John Davies, will address the 1922 Committee on Rhodesia tomorrow in an attempt to take some of the steam out of a potentially dangerous situation.

Mr. Maudling is the leading signatory of a letter sent yesterday to 120 Tory backbenchers calling on them to tell their Whips that they intend to oppose sanctions.

Other signatories include Sir John Eden, Mr. Julian Amery, Mr. Maurice Macmillan, and Mr. Hugh Fraser—all senior back benchers.

## Bingham report

The vote on Rhodesian sanctions will take place in the Commons next week, either late on Tuesday or Wednesday. It will follow a two-day debate on Rhodesia and the Bingham Report on Monday and Tuesday, in which both Sir Harold Wilson and Mr. Edward Heath are expected to speak.

The Shadow Cabinet decided to move two amendments to the Queen's Speech, which will open the final session of the present Parliament today. The speech has been carefully drafted by Ministers to ensure active support or at worst abstention from the Nationalist parties.

Abstention would be enough to give Mr. Callaghan a majority in the vote at the end of the seven-day debate tomorrow week. Survival would make it probable that Mr. Callaghan can continue in office well into next year.

A big headache for the Conservative leadership continues to be the party's divisions over incomes policy. These are certain to be exploited to the full by Mr. Callaghan, who will launch the debate for the Government today.

The latest issue of Conservative News, published today, strongly attacks the views on incomes policy expressed by Mr. Heath and argues that the official party line offers more hope than pay controls.

Some good news for the Tory party came yesterday in opinion poll figures taken in the key West Midlands area showing that the Conservatives had an 18.2 per cent lead over Labour.

A Marplan survey conducted for the Birmingham Evening Mail among 991 voters in ten representive constituencies revealed a 12.3 per cent swing to the Tories since the last General Election.

## Personal popularity

In addition, Mrs. Thatcher's personal popularity was ahead of that of either Mr. Callaghan or Mr. Heath—in most recent polls the Tory leader has lagged well behind the Prime Minister in general esteem.

There was comfort for Mr. Callaghan in the majority of more than two to one in favour of a Government limit on pay rises.

The Prime Minister held the usual eve-of-session party for non-Cabinet Government Ministers at 10, Downing Street last night. He informed them of the contents of the Queen's Speech, which Ministers see as a programme for a full session should the Prime Minister decide to hold on until next autumn—the last possible election date.

Continued from Page 1

# Motor pay

table because of "penalty clauses."

The possibility of the 8,000 workers at Vauxhall, Ellesmere Port striking over the company's guideline-breaching pay offer averaging 7½ per cent receded. Shop stewards for 5,000 members of the Amalgamated Union of Engineering Workers voted to postpone action until November 8 to allow the company to make a new offer.

The 3,000 Transport and General Workers' Union members at the plant hold a mass meeting today to decide on their action. They have been determined to strike, but the engineering workers' decision leaves them isolated from the rest of the company's work force.

National union officials meet the trade union side of the company's joint negotiating committee tomorrow on the pay dispute.

The company, not officially taking part in the talks but to be on hand if necessary, has offered increases ranging from 6.45 to 8.05 per cent, including a 1.75 per cent performance supplement.

The union side, though, is deeply split, and senior joint negotiating committee members from Luton made it clear yesterday that they had not agreed with the decision to refer the pay dispute to national officials, and were attending the talks with reluctance. ●

# New Ford car supplies almost exhausted

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FORD DEALERS have nearly run out of new cars because of the strike at the group's production plants, now in its sixth week.

Ford estimates that dealers have no more than 10,000 new cars in stock, compared with the normal 50,000.

Mr. Forbes Macgregor, chairman of Harold Perry Motors, one of Britain's biggest Ford distributors, commented last night: "We are down to a mere fraction of our normal stocks. But we have not quite run out and have a limited number of Fiestas and Escorts."

At BSG International, the Bristol Street Motors group, Mr. Harry Cressman, chairman and chief executive, said: "Stocks have virtually dried up. We have a handful of odd things left. Our normal stock level of 2,500 Ford cars is down to perhaps 20."

## Advice

However, the dealers insist that there are so far no serious obstacles to routine servicing of Ford vehicles.

Ford's advice was: "Don't have an accident." Supplies of body panels have dried up

Before the dispute dealers had large stocks of most routine mechanical parts and in any case, many of them can be changed for those produced for other manufacturers' cars

Mr. Cressman said: "We will have no trouble with mechanical components for another month but things will get progressively difficult after then."

Stocks would have run down more quickly had it not been for Ford's dominance in the fleet market. The Cortina, Britain's best-selling car for some time, is particularly demanded by fleet purchasers, who probably now account for about 70 per cent of new car sales in the UK.

Fleet managers change their cars mainly in spring and summer and those who would have been buying at present seem willing to wait.

Mr. Macgregor said: "The fleet people are very loyal. But then the factors which led them to chose Ford in the first place have not been changed."

Ford says that about 20,000 cars are held up at ports, in depots or at the end of production lines. They could be fed into the system quickly when the dispute ends.

# Pinder case 'behind auditors' sacking

BY JAMES BARTHOLOMEW

TURQUAND YOUNGS and Company said yesterday that Mr. James Scott, chief executive of Sime Darby Holdings, told them they were being dismissed as auditors to the group because of the Pinder affair, four years ago.

The allegation is in a letter to Sime Darby shareholders, appealing to them to overrule the board's decision to replace Turquand with Price Waterhouse and Company. It is the latest move in an increasingly bitter row between the Malaysian-based company and its auditors.

Turquand said yesterday that in April, Mr. Scott told the senior partner of Turquand in Malaysia, Mr. Douglas Beaton, of two reasons for the dismissal of the auditors.

First Mr. Scott said the auditors should have been removed in 1974 after the Pinder affair in 1973. Secondly, he said Turquand should not have been appointed to carry out the investigation and settlement of the group's tax affairs arising out of that affair.

In June, Mr. Beaton, with Mr. Dennis Garrett, senior partner of Turquands, Barton, Mayhew and Co., asked Mr. Scott to confirm that those reasons were correct. Mr. Scott allegedly did so. Mr. Stanley Booton, finance director of Sime, is also said to have been present at the meeting, in London.

## 'Bloodhound'

Turquand said yesterday that it could not understand how the Pinder affair could be the cause of its dismissal. Far from being implicated in Mr. Pinder's misappropriation of funds during 1973, Turquand had exposed it.

To support that assertion, Turquand yesterday quoted the judge at the trial of Mr. Pinder. "If the auditors find cause for suspician in the accounts . . . the character and role of the auditor changes from that of being a watchdog and becomes that of a bloodhound.

"On the evidence I have heard, Turquand Youngs and Co. properly performed both these independent roles. Indeed, the plea of guilty by the accused on the three amended charges wholly vindicates Turquand Youngs and Co. of the criticism that has been levelled at them by the accused."

The official reason given last month by Sime for wanting to dismiss Turquand is that the auditors have a smaller international coverage and are thus less well placed to look after the group's far-ranging affairs than Price, Waterhouse and Co.

Sime made no reply to the Turquand allegations yesterday but announced a Press conference in Kuala Lumpur on Thursday at which Mr. Scott and the chairman, Tun Tan Siew Sin, will be present.

# Weather

UK TODAY

WARM with sunny periods and rain at times.

**London, S., E., and Central N. England, E. Anglia, Midlands, Channel Islands**

Dry with sunny periods. Max. 16C (61F).

**Wales, N.W. and N.E. England, Lake District, Isle of Man, S.W. and N.E. Scotland, Borders, Cent. Highlands, Scottish Isles**

Sunny with rain later. Max. 15C (59F).

**Argyll, N.W. Scotland, N. Ireland**

Rain at first. Brighter later. Max. 15C (59F).

**Outlook:** Mainly dry, rain in the North.

● **Long range forecast:** The first part of the month is expected to have stormy and rainy periods, and near average temperatures, but more settled dry but cold weather is likely later. As a whole, temperatures are expected to be below average and rainfall near average.

BUSINESS CENTRES

| | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|
| Amstdm. | S | 11 | 52 | Luxemb'g | F | 8 | 46 |
| Bahrain | S | 32 | 90 | Madrid | S | 17 | 63 |
| Barcelona | S | 19 | 66 | Manchestr. | C | 13 | 55 |
| Beirut | F | 17 | 63 | Melbourne | R | 13 | 55 |
| Belfast | C | 10 | 50 | Milan | C | 8 | 46 |
| Belgrade | C | 12 | 54 | Montreal | C | 10 | 50 |
| Berlin | C | 11 | 52 | Moscow | C | 1 | 30 |
| Brmghm. | C | 14 | 57 | Munich | F | 9 | 48 |
| Bristol | C | 15 | 59 | Newcastle | C | 14 | 57 |
| Brussels | S | 12 | 54 | New York | S | 14 | 57 |
| Budapest | C | 15 | 59 | Oslo | R | 7 | 43 |
| B. Aires | S | 20 | 68 | Paris | S | 10 | 50 |
| Cairo | S | 24 | 75 | Perth | S | 22 | 72 |
| Cardiff | F | 15 | 59 | Reykjavik | F | 2 | 36 |
| Chicago | S | 14 | 57 | Rio de J'o | C | 27 | 81 |
| Cologne | S | 11 | 52 | Rome | F | 19 | 66 |
| Copnhagn. | R | 11 | 52 | Singapore | R | 26 | 79 |
| Dublin | R | 9 | 48 | Stockholm | R | 7 | 45 |
| Edinburgh | C | 11 | 52 | Strasbrg. | C | 11 | 52 |
| Frankfurt | C | 10 | 50 | Sydney | C | 25 | 77 |
| Geneva | C | 7 | 45 | Tehran | R | 13 | 55 |
| Glasgow | R | 11 | 52 | Tel Aviv | C | 22 | 72 |
| Helsinki | F | 2 | 36 | Tokyo | C | 16 | 61 |
| H. Kong | S | 23 | 73 | Toronto | S | 14 | 57 |
| Jo'burg | S | 24 | 75 | Vienna | S | 15 | 59 |
| Lisbon | S | 16 | 61 | Warsaw | C | 10 | 50 |
| London | C | 16 | 61 | Zurich | C | 7 | 45 |

HOLIDAY RESORTS

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Ajaccio | S | 18 | 64 | Jersey | C | 14 | 57 |
| Algiers | S | 21 | 70 | Las Plms. | F | 22 | 72 |
| Biarritz | C | 11 | 52 | Locarno | S | 14 | 57 |
| Blackpool | R | 14 | 57 | Majorca | S | 20 | 68 |
| Bordeaux | C | 8 | 46 | Malaga | S | 21 | 70 |
| Boulogne | F | 12 | 54 | Malta | S | 19 | 66 |
| Casablnca. | F | 21 | 70 | Nairobi | S | 21 | 70 |
| Cape Town | R | 16 | 61 | Naples | S | 18 | 64 |
| Corfu | S | 18 | 64 | Nice | S | 19 | 66 |
| Dubrovnik | S | 18 | 64 | Nicosia | F | 23 | 73 |
| Faro | S | 21 | 70 | Oporto | S | 17 | 63 |
| Florence | S | 16 | 61 | Rhodes | S | 20 | 68 |
| Funchal | F | 20 | 68 | Salzburg | S | 10 | 50 |
| Gibraltar | F | 19 | 66 | Tangier | S | 24 | 75 |
| Guernsey | C | 14 | 57 | Tenerife | F | 19 | 66 |
| Innsbruck | S | 12 | 54 | Tunis | F | 19 | 66 |
| Inverness | C | 12 | 54 | Valencia | S | 20 | 68 |
| I. of Man | R | 11 | 52 | Venice | S | 15 | 59 |
| Istanbul | C | 13 | 55 | | | | |

S—Sunny. F—Fair. C—Cloudy. R—Rain.

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